Richoux Group plc

Interim Report
for the period to
11 July 2010

Chairman's Review

Results
Group turnover from our continuing operations for the 28 week period ended 11 July 2010 increased to £2.71 million *(July 2009: £2.69 million)*. Gross profit from continuing operations was £0.33 million *(July 2009: £0.07 million)*. Administrative expenses for continuing operations (before impairment and reorganisation costs) of £0.24 million *(July 2009: £0.28 million)* were in line with expectations.

The Directors are not recommending the payment of a dividend.

Operations
The Group currently has seven restaurants, which operate under the Richoux, Zippers and Frankie's Easy Diner brands. Further details on each of the brands are set out below.

Richoux
Richoux restaurants operate in prestigious areas of central London and offer all day dining.

The Group's four established Richoux restaurants continue to trade in line with expectations with, the restaurant in Knightsbridge refurbished during the period. The Old Compton Street site was sold during the period. The Group's High Wycombe site is now to be rebranded as a Frankie's Easy Diner due to the significant surrender premium that the landlord was demanding and the perceived prospects of Frankie's Easy Diner succeeding at this site. Following the rebranding the Group will operate four Richoux sites.

Zippers
Zippers is a spacious, stylish and contemporary family restaurant that offers an extensive range of dishes to cover a range of tastes.

The Group's Zippers restaurant in Chatham continues to trade in line with expectations and a new site in Andover was opened at the beginning of September 2010. A third site has been acquired in Bexhill-on-Sea which will open as a Zippers before the end of 2010.

Frankie's Easy Diner
Frankie's Easy Diner is a family orientated American diner style concept.

The Group's first Frankie's Easy Diner site opened in Chatham at the beginning of July 2010 and initial trading has been in line with expectations. A second Frankie's Easy Diner should open before the end of 2010 following a rebranding of the Group's existing High Wycombe site.

Capital expenditure and cash flow
The Board has sought to preserve the cash resources of the Group. As at the end of the period under review the Group held cash of £2.50 million *(December 2009: £2.96 million)*.

Capital expenditure of £0.62 million *(December 2009: £1.40 million)* was incurred in the period, predominantly on the refurbishment the Richoux restaurant in Knightsbridge and the fitting-out of the new Frankie's Easy Diner restaurant in Chatham.

Outlook
The Group is continuing to develop both of its new concepts to complement the core Richoux business and measured expansion of both operations is envisaged where suitable sites can be found.

Philip Shotter
Chairman

13 September 2010

Condensed consolidated statement of comprehensive income

for the 28 week period ended 11 July 2010

	Note	***28 week period ended 11 July 2010 £'000***	*28 week period ended 12 July 2009 £'000*	*52 week period ended 27 December 2009 £'000*
Revenue	3	**2,714**	2,691	5,024
Cost of sales:				
Excluding pre-opening costs		**(2,339)**	(2,564)	(4,791)
Pre-opening costs		**(42)**	(54)	(93)
Total cost of sales		**(2,381)**	(2,618)	(4,884)
Gross profit		**333**	73	140
Administrative expenses		**(243)**	(281)	(439)
Other operating income		**–**	(1)	(1)
Operating profit/(loss) before impairment		**90**	(209)	(300)
Impairment of property, plant and equipment		**–**	(817)	(869)
Impairment of other intangible assets		**–**	–	(1)
Onerous lease provision	7	**333**	–	(400)
Operating profit/(loss)		**423**	(1,026)	(1,570)
Finance income		**19**	36	53
Finance expense		**(1)**	(2)	(2)
Profit/(loss) before taxation	3	**441**	(992)	(1,519)
Taxation		**–**	–	–
Profit/(loss) for the period from continuing operations		**441**	(992)	(1,519)
Profit for the period from discontinued operations		**–**	–	2
Profit/(loss) and total comprehensive profit/(loss) for the period		**441**	(992)	(1,517)
Profit/(loss) and total comprehensive profit/(loss) attributable to equity holders of the parent		**441**	(992)	(1,517)
Profit/(loss) and total comprehensive profit/(loss) per share:				
From continuing operations:				
Profit/(loss) per share	4	**1.1p**	(2.4)p	(3.6)p
Diluted profit/(loss) per share	4	**1.1p**	(2.4)p	(3.6)p
From continuing and discontinued operations:				
Profit/(loss) per share	4	**1.1p**	(2.4)p	(3.6)p
Diluted profit/(loss) per share	4	**1.1p**	(2.4)p	(3.6)p

Condensed consolidated statement of changes in equity

for the 28 week period ended 11 July 2010

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 28 December 2008	1,681	10,335	(6,047)	5,969
Loss for the period	–	–	(992)	(992)
Credit to equity for equity settled share based payments	–	–	26	26
At 12 July 2009	1,681	10,335	(7,013)	5,003
Loss for the period	–	–	(525)	(525)
Credit to equity for equity settled share based payments	–	–	22	22
At 27 December 2009	1,681	10,335	(7,516)	4,500
Profit for the period	–	–	441	441
Credit to equity for equity settled share based payments	–	–	33	33
At 11 July 2010	**1,681**	**10,335**	**(7,042)**	**4,974**

Condensed consolidated statement of financial position

at 11 July 2010

	Note	11 July 2010 £'000	12 July 2009 £'000	27 December 2009 £'000
Assets				
Non-current assets				
Goodwill		**234**	234	234
Other intangible assets		**41**	38	40
Property, plant and equipment	6	**2,176**	1,477	1,696
Investment property	6	**787**	787	787
Trade and other receivables		**11**	–	11
Total non-current assets	3	**3,249**	2,536	2,768
Current assets				
Inventories		**81**	75	94
Trade and other receivables		**461**	486	327
Assets held for sale		**–**	–	126
Cash and cash equivalents		**2,500**	3,003	2,959
Total current assets		**3,042**	3,564	3,506
Total assets		**6,291**	6,100	6,274
Liabilities				
Current liabilities				
Trade and other payables		**(1,251)**	(1,041)	(1,293)
Liabilities associated with assets held for sale		**–**	–	(34)
Provisions	7	**–**	–	(400)
		(1,251)	(1,041)	(1,727)
Non-current liabilities				
Trade and other payables		**(66)**	(56)	(47)
Total liabilities		**(1,317)**	(1,097)	(1,774)
Net assets		**4,974**	5,003	4,500
Capital and reserves				
Share capital		**1,681**	1,681	1,681
Share premium account		**10,335**	10,335	10,335
Retained earnings		**(7,042)**	(7,013)	(7,516)
Total equity		**4,974**	5,003	4,500

Condensed consolidated statement of cash flows

for the 28 week period ended 11 July 2010

	Note	***28 week period ended 11 July 2010 £'000***	*28 week period ended 12 July 2009 £'000*	*52 week period ended 27 December 2009 £'000*
Operating activities				
Cash generated from/(used in) operations	8	**43**	(491)	(152)
Interest paid		**(1)**	(2)	(2)
Net cash from/(used in) operating activities		**42**	(493)	(154)
Investing activities				
Purchase of property, plant and equipment		**(616)**	(922)	(1,395)
Purchase intangible assets		**(6)**	(2)	(9)
Proceeds from sale of property, plant and equipment		**102**	–	89
Interest received		**19**	36	53
Disposal of joint venture undertaking		**–**	9	–
Net cash used in investing activities		**(501)**	(879)	(1,262)
Net decrease in cash and cash equivalents		**(459)**	(1,372)	(1,416)
Cash and cash equivalents at the beginning of the period		**2,959**	4,375	4,375
Cash and cash equivalents at the end of the period		**2,500**	3,003	2,959

Notes

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

2. The condensed financial information for the 28 week period ended 11 July 2010 and the 28 week period ended 12 July 2009 has been prepared in accordance with IAS 34 "Interim financial reporting" and should be read in conjunction with the annual financial statements for the period ended 27 December 2009 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the period ended 27 December 2009. During the period various Standards and Interpretations were adopted in line with the effective dates as outlined in the annual financial statements for the period ended 27 December 2009. The condensed financial information for the 28 week period ended 11 July 2010 and the 28 week period ended 12 July 2009 have not been audited or reviewed and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the 52 week period ended 27 December 2009 does not constitute the Group's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the 52 week period ended 27 December 2009 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Notes
continued

3. Business segments

Based on the financial information which is monitored by the board, which comprises the chief operating decision maker as defined in IFRS 8, the group has three reportable business segments based around its three core restaurant brands, Richoux, Zippers and Frankie's Easy Diner. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services. While Frankie's Easy Diner is still in its infancy as a brand and separate disclosure of its results is not required, this information has been provided as management see it as a potential growth area.

For the 28 week period ended 11 July 2010

	Richoux	*Zippers*	*Frankie's Easy Diner*	*Unallocated*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Revenue	2,281	411	12	10	2,714
Segment profit/(loss)	304	66	(25)	–	345
Non-core restaurant expenses				(12)	(12)
Administrative expenses				(243)	(243)
Onerous lease provision				333	333
Finance income				19	19
Finance expense				(1)	(1)
Profit before taxation				106	441
Non-current assets	1,438	495	399	917	3,249

Unallocated administrative expenses include the costs of the Group's head office and the onerous lease provision represents the release of the provision less cost incurred to the end of the period following the decision to rebrand the High Wycombe site as a Frankie's Easy Diner.

Notes
continued

4. Profit/(loss) per share

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

	11 July 2010 £'000	*12 July 2009 £'000*	*27 December 2009 £'000*
Profit/(loss)			
Profit/(loss) from continuing operations for the purpose of basic profit/(loss) per share excluding discontinued operations	**441**	(992)	(1,519)
Profit from discontinued operations	**–**	–	2
Profit/(loss) for the purposes of basic profit/(loss) per share being the net profit attributable to equity holders of the parent	**441**	(992)	(1,517)
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic profit/(loss) per share	**42,019,612**	42,019,612	42,019,612
Effect of dilutive potential ordinary shares:			
Share options	**–**	–	4,183
Share options not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	**2,664,465**	1,832,840	2,668,657

5. No dividend is proposed.

Notes
continued

6. Property, plant and equipment

	Investment property	Short leasehold land and buildings	Leasehold improve-ments	Fixtures, fittings, and equip-ment	Motor vehicles	Total
Cost						
At 28 December 2008	1,156	3,316	17	1,508	4	6,001
Additions	–	532	–	390	–	922
Disposals	–	(100)	–	(74)	(4)	(178)
At 12 July 2009	1,156	3,748	17	1,824	–	6,745
Additions	(3)	353	–	123	–	473
Disposals	–	(138)	–	(297)	–	(435)
Transfer to assets held for sale	–	(519)	–	(424)	–	(943)
At 27 December 2009	1,153	3,444	17	1,226	–	5,840
Additions	–	383	–	233	–	616
At 11 July 2010	1,153	3,827	17	1,459	–	6,456
Accumulated depreciation and impairment						
At 28 December 2008	369	2,128	17	1,158	4	3,676
Charge for period	–	63	–	90	–	153
Impairment	–	443	–	374	–	817
Disposal	–	(94)	–	(67)	(4)	(165)
At 12 July 2009	369	2,540	17	1,555	–	4,481
Charge for period	–	59	–	49	–	108
Impairment	(3)	37	–	18	–	52
Disposal	–	(137)	–	(298)	–	(435)
Transfer to assets held for sale	–	(446)	–	(403)	–	(849)
At 27 December 2009	366	2,053	17	921	–	3,357
Charge for period	–	73	–	63	–	136
At 11 July 2010	366	2,126	17	984	–	3,493
Carrying amount						
At 11 July 2010	**787**	**1,701**	**–**	**475**	**–**	**2,963**
At 27 December 2009	787	1,391	–	305	–	2,483
At 12 July 2009	787	1,208	–	269	–	2,264

Impairment testing of property, plant and equipment

The Group considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from forecasts to December 2009, and thereafter an EBITDA growth rate of 2%. The discount rate applied to cash flow projections is 12%.

There is no impairment provision required in the period.

Notes
continued

7. Provisions

	Onerous lease provision £000
At 28 December 2008 and 12 July 2009	–
Provision in the period	(400)
At 27 December 2009	(400)
Provision utilised in the period	67
Provision released in the period	333
At 11 July 2010	**–**

The onerous lease provision represented the Directors' 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. The decision has subsequently been taken to rebrand the site as a Frankie's Easy Diner and thus the unutilised provision has been reversed in the period.

8. Reconciliation of operating profit/(loss) to operating cash flows

	28 week period ended 11 July 2010 £'000	*28 week period ended 12 July 2009 £'000*	*52 week period ended 27 December 2009 £'000*
Operating profit/(loss)	**423**	(1,026)	(1,570)
(Profit)/loss on disposal of property, plant and equipment	**(8)**	3	(76)
Depreciation charge	**136**	153	261
Amortisation charge	**5**	5	9
Impairment of intangible fixed assets	**–**	–	1
Impairment of tangible fixed assets	**–**	817	869
Decrease/(increase) in stocks	**13**	5	(14)
(Increase)/decrease in debtors	**(102)**	(32)	84
Decrease in creditors	**(57)**	(442)	(164)
(Decrease)/increase in provisions	**(400)**	–	400
Equity settled share based payments	**33**	26	48
Net cash inflow/(outflow) from operating activities	**43**	(491)	(152)

Notes
continued

9. Post balance sheet events
On 8 September 2010 the Group completed on a new 25 year lease for a restaurant in Bexhill-on-Sea, East Sussex at an initial annual rent payable of £25,000, in the first year increasing to £50,000 thereafter.

10. Related party transactions
During the period the Group paid professional fees for legal services in connection with properties of £25,000 *(July 2009: £7,000, December 2009: £34,000)* to Glovers Solicitors LLP of which Philip Shotter is a member. As at the end of the period £2,000 was outstanding *(December 2009: £8,000)*. This is in addition to fees included in Director's emoluments.

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

Transactions with directors:

Directors' emoluments

	28 week period ended 11 July 2010 £'000	*28 week period ended 12 July 2009 £'000*	*52 week period ended 27 December 2009 £'000*
Short term employee benefits	78	78	145
Share based payments	21	20	37
	99	98	182

Perivan Financial Print 219131