

# **Richoux Group plc**

**Interim Report  
for the period to  
9 July 2017**



## Chairman's Review

### Results

Revenue for the 28 week period ended 9 July 2017 decreased 20.2% on the 28 week period ended 10 July 2016 to £5.65 million (*2016: £7.08 million*). Adjusted operating loss before pre-opening costs, impairment, reorganisation costs and onerous lease provision decreased to £0.73 million (*2016: £0.63 million*). Pre-opening costs for the period were £0.39 million (*2016: £0.09 million*). The net loss for the period was £1.12 million (*2016: £0.58 million*).

The Directors are not recommending the payment of a dividend.

### Operations

The Group currently has seventeen operating restaurants, which operate under the Richoux, Friendly Phil's and Villagio brands. Further details on each of the brands are set out below.

During the first half, we have focused on improving our restaurant teams, food and premises, as well as laying the foundations for significant improvements in our digital capabilities. We have modernised our Richoux restaurants whilst staying true to our traditional heritage, and have rebranded our Dean's Diners into our new Friendly Phil's format.

We successfully disposed of three underperforming units during the period, and have disposed of a further two since the period end.

#### ***Richoux***

Richoux is an all day cafe and brasserie established in London in 1909.

The Group has six Richoux restaurants - in Knightsbridge, Mayfair, Piccadilly, Gloucester Arcade, Port Solent and Chislehurst. The Port Solent and Chislehurst restaurants were previously Villagio restaurants and were converted into Richoux restaurants in February and March 2017 respectively. The restaurant in St John's Wood closed in May 2017 when the restaurant lease ended. The restaurants in Gloucester Arcade, Knightsbridge and Piccadilly were refurbished in May, June and July 2017 respectively.

#### ***Friendly Phil's***

Friendly Phil's is a vintage American Diner.

The Group currently has six Friendly Phil's restaurants, in Hempstead Valley which opened in March 2017, Port Solent which opened in April 2017, Chatham which opened in May 2017, Braintree which opened in May 2017, Canterbury which opened in May 2017 and Fareham which opened in June 2017. These restaurants were previously Dean's Diner restaurants apart from Canterbury which was a Zintino restaurant.

The restaurant in Bicester was sold in January 2017, the lease for the restaurant in Orpington was surrendered in April 2017, the restaurant in Trowbridge was sold in September 2017 and the lease for the restaurant in Yate was surrendered in September 2017.

#### ***Italian restaurants***

The Group currently has four Villagio restaurants in Andover, Basildon, Hammersmith, and Chatham. The restaurant in High Wycombe was sold at the end of January 2017.

The Group also has one Italian restaurant trading as Zippers Bar, Restaurant and Grill in Chatham.

### Capital expenditure and cash flow

As at the end of the period under review the Group held cash of £4.73 million (*December 2016: £3.86 million*).

Capital expenditure of £3.71 million was incurred in the period; on the rebranding and refurbishment of the existing restaurants.

## **Chairman's Review** *(Continued)*

### **Outlook**

Over the last six months we have continued to refresh our estate, and have focussed on restaurant design, food and service quality. We have experienced some growth in trade of the rebranded restaurants but, in line with the industry, not at the level we had hoped for and we currently see no consistent improvement in trading conditions from those prevailing when we last reported in April this year.

Simon Morgan  
Chairman  
28 September 2017

## Condensed consolidated statement of comprehensive income

for the 28 week period ended 9 July 2017

	Notes	28 week period ended 9 July 2017 £000	28 week period ended 10 July 2016 £000	52 week period ended 25 December 2016 £000
<b>Revenue</b>	3	<b>5,646</b>	7,075	13,320
<b>Cost of sales:</b>				
Excluding pre-opening costs		<b>(6,026)</b>	(6,930)	(13,367)
Pre-opening costs		<b>(390)</b>	(86)	(103)
<b>Total cost of sales</b>		<b>(6,416)</b>	(7,016)	(13,470)
<b>Gross (loss)/profit</b>		<b>(770)</b>	59	(150)
Administrative expenses		<b>(586)</b>	(293)	(582)
Net profit on disposals		<b>235</b>	-	-
Other operating income		-	1	3
Operating loss before impairment		<b>(1,121)</b>	(233)	(729)
Impairment of intangible assets	6	-	-	(4)
Impairment of property, plant and equipment	7	-	(352)	(5,039)
Reorganisation costs		-	-	(511)
Onerous lease provision		-	-	(420)
<b>Operating loss</b>		<b>(1,121)</b>	(585)	(6,703)
Finance income		<b>1</b>	6	7
<b>Loss before taxation</b>	3	<b>(1,120)</b>	(579)	(6,696)
Taxation		-	-	-
<b>Loss and total comprehensive loss for the period</b>		<b>(1,120)</b>	(579)	(6,696)
<b>Loss and total comprehensive loss attributable to equity holders of the parent</b>		<b>(1,120)</b>	(579)	(6,696)
<b>Loss and total comprehensive loss per share:</b>				
Loss per share	4	<b>(1.1)p</b>	(0.6)p	(7.3)p
Diluted loss per share	4	<b>(1.1)p</b>	(0.6)p	(7.1)p

**Condensed consolidated statement of changes in equity**

for the 28 week period ended 9 July 2017

	<b>Share capital</b> £000	<b>Share premium account</b> £000	<b>Profit and loss account</b> £000	<b>Total</b> £000
At 27 December 2015	3,684	12,249	(7,072)	8,861
Loss for the period	-	-	(579)	(579)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	-	(579)	(579)
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	16	16
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	16	16
	<hr/>	<hr/>	<hr/>	<hr/>
At 10 July 2016	3,684	12,249	(7,635)	8,298
Loss for the period	-	-	(6,117)	(6,117)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	-	(6,117)	(6,117)
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	16	16
New share capital subscribed	291	1,447	-	1,738
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	291	1,447	16	1,754
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2016	3,975	13,696	(13,736)	3,935
Loss for the period	-	-	(1,120)	(1,120)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss	-	-	(1,120)	(1,120)
	<hr/>	<hr/>	<hr/>	<hr/>
Credit to equity for equity settled share based payments	-	-	29	29
New share capital subscribed	1,022	3,053	-	4,075
New share capital issue costs	-	(5)	-	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners of the Company, recognised directly in equity	1,022	3,048	29	4,099
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 9 July 2017</b>	<b>4,997</b>	<b>16,744</b>	<b>(14,827)</b>	<b>6,914</b>
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**Condensed consolidated statement of financial position**

at 9 July 2017

	Notes	9 July 2017 £000	10 July 2016 £000	25 December 2016 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	6	229	234	234
Other intangible assets	6	49	61	57
Property, plant and equipment	7	5,809	7,297	2,358
<b>Total non-current assets</b>	3	<b>6,087</b>	7,592	2,649
<b>Current assets</b>				
Inventories		202	206	198
Trade and other receivables		1,149	1,105	927
Cash and cash equivalents		4,727	3,094	3,857
<b>Total current assets</b>		<b>6,078</b>	4,405	4,982
<b>Total assets</b>		<b>12,165</b>	11,997	7,631
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(4,671)	(3,253)	(2,817)
Provisions		(200)	-	(420)
<b>Total current liabilities</b>		<b>(4,871)</b>	(3,253)	(3,237)
<b>Non-current liabilities</b>				
Trade and other payables		(380)	(446)	(459)
<b>Total non-current liabilities</b>		<b>(380)</b>	(446)	(459)
<b>Total liabilities</b>		<b>(5,251)</b>	(3,699)	(3,696)
<b>Net assets</b>		<b>6,914</b>	8,298	3,935
<b>Capital and reserves</b>				
Share capital		4,997	3,684	3,975
Share premium account		16,744	12,249	13,696
Retained earnings		(14,827)	(7,635)	(13,736)
<b>Total equity</b>		<b>6,914</b>	8,298	3,935

## Condensed consolidated statement of cash flows

for the 28 week period ended 9 July 2017

	Notes	<b>28 week period ended 9 July 2017 £000</b>	28 week period ended 10 July 2016 £000	52 week period ended 25 December 2016 £000
<b>Operating activities</b>				
Cash (used in)/generated from operations	8	<b>(1,871)</b>	133	6
Interest paid		-	-	-
		<hr/>	<hr/>	<hr/>
<b>Net cash (used in)/from operating activities</b>		<b>(1,871)</b>	133	6
		<hr/>	<hr/>	<hr/>
<b>Investing activities</b>				
Purchase of property, plant and equipment		<b>(1,618)</b>	(1,445)	(2,271)
Purchase intangible assets		<b>(5)</b>	(4)	(29)
Net proceeds from sale of property, plant and equipment		<b>293</b>	2	4
Interest received		<b>1</b>	6	7
		<hr/>	<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(1,329)</b>	(1,441)	(2,289)
		<hr/>	<hr/>	<hr/>
<b>Financing activities</b>				
Proceeds from issue of ordinary shares		<b>4,075</b>	-	1,738
Share issue costs		<b>(5)</b>	-	-
		<hr/>	<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>4,070</b>	-	1,738
		<hr/>	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>870</b>	(1,308)	(545)
Cash and cash equivalents at the beginning of the period		<b>3,857</b>	4,402	4,402
		<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<b>4,727</b>	3,094	3,857
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## Notes

- 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 condensed financial information for the 28 week period ended 9 July 2017 and the 28 week period ended 10 July 2016 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 25 December 2016 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 25 December 2016. 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 25 December 2016. The condensed financial information for the 28 week period ended 9 July 2017 and the 28 week period ended 10 July 2016 has 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 25 December 2016 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 25 December 2016 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.

### 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 core restaurant brands, Diners, Richoux and Italian restaurants. All brands are engaged in the restaurant trade so derive their revenues and results from similar products and services.

#### *For the 28 week period ended 9 July 2017*

	<b>Diners</b>	<b>Italians</b>	<b>Richoux</b>	<b>Un-allocated</b>	<b>Total</b>
	£000	£000	£000	£000	£000
Revenue	1,255	1,753	2,638	-	<b>5,646</b>
Segment loss	(295)	(60)	(264)	(151)	<b>(770)</b>
Administrative expenses	-	-	-	(586)	<b>(586)</b>
Net profit/(loss) on disposals	30	5	203	(3)	<b>235</b>
Finance income	-	-	-	1	<b>1</b>
Loss before taxation	(265)	(55)	(61)	(739)	<b>(1,120)</b>
Non-current assets as at 25 December 2016	338	1,365	873	73	<b>2,649</b>
Additions	2,083	7	1,605	14	<b>3,709</b>
Depreciation and amortisation	(34)	(88)	(70)	(21)	<b>(213)</b>
Disposals	(27)	-	(28)	(3)	<b>(58)</b>
Non-current assets as at 9 July 2017	2,360	1,284	2,380	63	<b>6,087</b>

The unallocated segment loss includes the cost of the restaurant area management, and the unallocated administrative expenses include the costs of the Group's head office.

**Notes** (Continued)**4. Loss per share**

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

	<b>9 July 2017 £000</b>	10 July 2016 £000	25 December 2016 £000
<b>Loss</b>			
Loss for the purposes of basic loss per share being the net loss attributable to equity holders of the parent	<b>(1,120)</b>	(579)	(6,696)
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of the basic profit per share	<b>103,002,105</b>	92,109,612	92,356,891
Effect of dilutive potential ordinary shares:			
Share options and incentive shares	<b>1,885,321</b>	2,013,385	1,883,224
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<b>104,887,426</b>	94,122,997	94,240,115
Share options and incentive shares not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<b>26,326,085</b>	3,445,618	26,053,182
<b>Basic loss per share:</b>			
From total operations	<b>(1.1)p</b>	(0.6)p	(7.3)p
<b>Diluted loss per share:</b>			
From total operations	<b>(1.1)p</b>	(0.6)p	(7.1)p

5. No dividend is proposed.

**Notes (Continued)****6. Intangible fixed assets**

	<b>Goodwill £000</b>	<b>Trademarks £000</b>	<b>Software £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 27 December 2015	269	24	170	463
Additions	-	-	4	4
Disposals	-	-	(4)	(4)
	<hr/>	<hr/>	<hr/>	<hr/>
At 10 July 2016	269	24	170	463
Additions	-	1	24	25
Disposals	-	-	(47)	(47)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2016	269	25	147	441
Additions	-	1	4	5
Disposals	(5)	(6)	(23)	(34)
	<hr/>	<hr/>	<hr/>	<hr/>
At 9 July 2017	264	20	128	412
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated amortisation and impairment</b>				
At 27 December 2015	35	10	114	159
Charge for period	-	1	10	11
Disposals	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
At 10 July 2016	35	11	122	168
Charge for period	-	1	9	10
Impairment	-	-	4	4
Disposals	-	-	(32)	(32)
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 December 2016	35	12	103	150
Charge for period	-	1	9	10
Disposals	-	(3)	(23)	(26)
	<hr/>	<hr/>	<hr/>	<hr/>
At 9 July 2017	35	10	89	134
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
<b>At 9 July 2017</b>	<b>229</b>	<b>10</b>	<b>39</b>	<b>278</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 25 December 2016	234	13	44	291
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 10 July 2016	234	13	48	295
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Goodwill of £264,000 (2016: £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 with each restaurant site being treated as a single CGU.

The Group tests annually for impairment or more frequently if there are indications that the goodwill and intangible assets may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from forecasts to December 2022 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

The Board has concluded that at this time no impairment provision is required (December 2016: £4,000).

**Notes** (Continued)**7. Property, plant and equipment**

	<b>Short leasehold land and buildings £000</b>	<b>Fixtures, fittings, and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 27 December 2015	8,665	3,743	12,408
Additions	1,207	502	1,709
Disposals	(2)	(58)	(60)
	<hr/>	<hr/>	<hr/>
At 10 July 2016	9,870	4,187	14,057
Additions	26	154	180
Disposals	(38)	(36)	(74)
	<hr/>	<hr/>	<hr/>
At 25 December 2016	9,858	4,305	14,163
Additions	2,865	839	3,704
Disposals	(3,507)	(1,840)	(5,347)
	<hr/>	<hr/>	<hr/>
At 9 July 2017	9,216	3,304	12,520
	<hr/>	<hr/>	<hr/>
<b>Accumulated amortisation and impairment</b>			
At 27 December 2015	3,791	2,250	6,041
Charge for period	175	242	417
Impairment	352	-	352
Disposals	(1)	(49)	(50)
	<hr/>	<hr/>	<hr/>
At 10 July 2016	4,317	2,443	6,760
Charge for period	170	222	392
Impairment	3,410	1,277	4,687
Disposals	(1)	(33)	(34)
	<hr/>	<hr/>	<hr/>
At 25 December 2016	7,896	3,909	11,805
Charge for period	110	93	203
Disposals	(3,507)	(1,790)	(5,297)
	<hr/>	<hr/>	<hr/>
At 9 July 2017	4,499	2,212	6,711
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
<b>At 9 July 2017</b>	<b>4,717</b>	<b>1,092</b>	<b>5,809</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 25 December 2016	1,962	396	2,358
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At 10 July 2016	5,553	1,744	7,297
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**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 2022 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

The Board has concluded that at this time no impairment provision is required (*December 2016: £5,039,000*).

**Notes (Continued)****8. Reconciliation of operating loss to operating cash flows**

	<b>28 week period ended 9 July 2017 £000</b>	28 week period ended 10 July 2016 £000	52 week period ended 25 December 2016 £000
Operating loss	<b>(1,121)</b>	(585)	(6,703)
Loss on disposal of intangible fixed assets	<b>8</b>	2	17
(Profit)/loss on disposal of property, plant and equipment	<b>(243)</b>	8	46
Depreciation charge	<b>203</b>	417	809
Amortisation charge	<b>10</b>	11	21
Impairment of intangible fixed assets	-	-	4
Impairment of property, plant and equipment	-	352	5,039
(Increase)/decrease in stocks	<b>(4)</b>	9	17
Increase in debtors	<b>(222)</b>	(212)	(34)
(Decrease)/increase in creditors	<b>(531)</b>	115	758
Equity settled share based payments	<b>29</b>	16	32
	<hr/>	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,871)</b>	133	6
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**9. Related party transactions****Transactions with directors:**

Directors' emoluments

	<b>28 week period ended 9 July 2017 £000</b>	28 week period ended 10 July 2016 £000	52 week period ended 25 December 2016 £000
Short term employee benefits	<b>102</b>	152	293
Share based payments	<b>12</b>	8	17
	<hr/>	<hr/>	<hr/>
	<b>114</b>	160	310
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the period Salvatore Diliberto subscribed for 5,273,375 (includes 2,636,687 subscribed for by his wife Irene Diliberto) ordinary shares (2016: 1,054,394), The Hon. Robert Rayne subscribed for 4,103,838 ordinary shares (2016: 1,054,394), Jonathan Kaye subscribed for 3,125,000 ordinary shares (2016: 1,354,395), Simon Morgan subscribed for 125,000 ordinary shares (2016: nil) and Mehdi Gashi subscribed for nil ordinary shares (2016: 400,000) as part of the subscription that took place during the period. The price paid per share was 16 pence.

**Transactions with substantial shareholders:**

During the period Phillip Kaye subscribed for 3,121,025 ordinary shares (2016: 451,465), Samuel Kaye subscribed for 1,250,000 ordinary shares (2016: 451,465), Adam Kaye subscribed for 1,250,000 ordinary shares (2016: 451,465) and Michinoko Limited subscribed for 4,216,750 ordinary shares (2016: 1,054,394) as part of the subscription that took place during the period. The price paid per share was 16 pence.

**10. Post balance sheet events**

On 4 September 2017 the Group disposed of its restaurant in Trowbridge for £50,000 (before costs), on 12 September 2017 the Group entered into a new 10 year lease for a new office in Tilehurst at a rent of £13,650 per annum, and on 20 September 2017 the Group surrendered the lease for its restaurant in Yate for a reverse premium of £99,808 (before costs).