

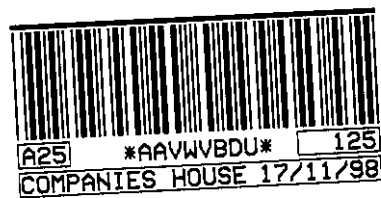
1454511,

Richoux Limited

Report and Financial Statements

Six Month Period Ended

27 June 1998



RICHOUX LIMITED

Report of the directors for the period ended 27 June 1998

The directors present their report together with the audited financial statements for the six months ended 27 June 1998.

Results and dividends

The profit and loss account is set out on page 4 and shows the loss for the period.

The directors provided an interim dividend of 31p on the ordinary shares, amounting to £300,000. No final dividend is proposed.

Principal activities, trading review and future developments

The principal activity is the operation of catering establishments.

The directors are pleased to report that the company earned a profit before exceptional reorganisational costs in the period and are confident that the current year will see a further increase in the level of profits.

On 29th June 1998 the company was acquired by Groupe Chez Gérard Plc.

Directors

The directors of the company during the period were:

C C Norland	(deceased 1998)
M P da Costa	
J R Croxford	
P W D Roberts	

The directors were saddened by the death during the period of their chairman, Mr. C Norland, and wish to state publically their gratitude for his tremendous support, enthusiasm and hard work on behalf of the company, he will be missed.

Director's interests in the share capital of the company

The directors of the company at the end of the period and their interests in the share capital of Milor Limited, the ultimate parent company, were:

	Shares of £1 each	
	1998	1997
M P da Costa	10,000	10,000
J R Croxford	-	-
P W D Roberts	-	-

None of the directors had any interest in the share capital of the company.

RICHOUX LIMITED

Report of the directors for the period ended 27 June 1998 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Auditors

During the year BDO Stoy Hayward resigned as auditors and Baker Tilly were appointed in their place. A resolution to reappoint Baker Tilly, Chartered Accountants, will be put to the members at the Annual General Meeting.

On behalf of the Board

M P da Costa



Director

Date

5th Nov 1998

RICHOUX LIMITED

Report of the auditors

To the shareholders of Richoux Limited

We have audited the financial statements on pages 4 to 18.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

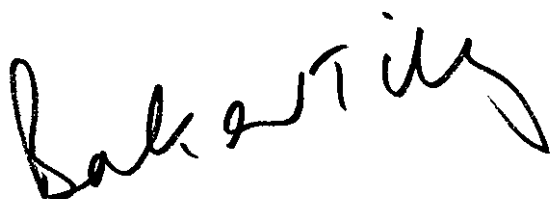
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 27 June 1998 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
*Chartered Accountants
and Registered Auditors*
2 Bloomsbury Street
London WC1B 3ST

Date 6/11/98

RICHOUX LIMITED

Profit and Loss account for the six months ended 27 June 1998

	Notes	Continued £	Discounted £	6 month period to 27 June 1998 Total £	Continued £	Discounted £	12 month period to 27 December 1997 Total £ (Restated)
Turnover	2	2,358,833	35,472	2,394,305	4,948,188	1,021,564	5,969,752
Cost of Sales		627,009	14,536	641,545	1,349,519	318,128	1,667,647
Gross profit		1,731,824	20,936	1,752,760	3,598,669	703,436	4,302,105
Administrative costs		1,696,069	22,732	1,718,801	3,348,536	626,456	3,974,992
		35,755	(1,796)	33,959	250,133	76,980	327,113
Interest receivable and similar income		10,488		10,488	1,035		1,035
Profit from operating activities		46,243	(1,796)	44,447	251,168	76,980	328,148
Exceptional item	7			112,075			-
Interest payable	4			42,677			94,919
(Loss)/profit on ordinary activities before taxation				(110,305)			233,229
Taxation on (loss)/profit on ordinary activities				-			(27,734)
(Loss)/profit on ordinary activities after taxation before dividend				(110,305)			205,495
Dividend	9			300,000			-
(Loss)/profit on ordinary activities after taxation retained for the period				(410,305)			205,495

The notes on pages 8 to 18 form part of these financial statements.

RICHOUX LIMITED

Statement of total recognised gains and losses for the six month period ended 27 June 1998

	Notes	6 month period to 27 June 1998 Total £	12 month period to 27 December 1997 Total £ (Restated)
(Loss)/profit for the financial period		(410,305)	205,495
Elimination of revaluation reserve		-	(1,997,536)
Total recognised gains and losses for the period		<u>(410,305)</u>	<u>(1,792,041)</u>
Prior year adjustment		<u>(129,385)</u>	
Total recognised gains and losses since last annual report		<u><u>(539,690)</u></u>	
Reconciliation of movement in shareholder's funds			
(Loss)/profit for the period		(110,305)	205,495
Dividends		<u>(300,000)</u>	<u>-</u>
		(410,305)	205,495
Elimination of revaluation reserve	8	-	(1,997,536)
Net reduction in shareholder's funds		<u>(410,305)</u>	<u>(1,792,041)</u>
Opening shareholder's funds (originally £1,531,631 before deducting prior year adjustment of £129,385)		<u>1,402,246</u>	<u>3,194,287</u>
Closing shareholder's funds		<u><u>991,941</u></u>	<u><u>1,402,246</u></u>

The notes on pages 8 to 18 form part of these financial statements.

RICHOUX LIMITED

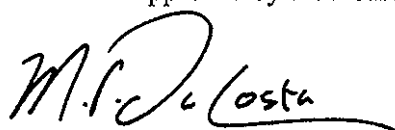
Balance sheet as at 27 June 1998

	Notes	£	At 27 June 1998 Total £	£	At 27 December 1997 Total £ (Restated)
Fixed assets					
Tangible assets	10		2,638,173		2,667,607
Intangible assets	11		26,131		-
Investments	12		337,377		262,377
			<u>3,001,681</u>		<u>2,929,984</u>
Current assets					
Stocks	13	80,959		109,633	
Debtors	14	366,250		396,666	
Cash at bank and in hand		-		169,985	
		<u>447,209</u>		<u>676,284</u>	
Creditors: amounts falling due within one year	15	<u>(2,456,949)</u>		<u>(1,650,433)</u>	
Net current liabilities			<u>(2,009,740)</u>		<u>(974,149)</u>
Total assets less current liabilities			991,941		1,955,835
Creditors: amounts falling due in more than one year	16		-		(553,589)
			<u>991,941</u>		<u>1,402,246</u>
Capital and reserves					
Called up share capital	18		965,000		965,000
Share premium account			46,412		46,412
Capital redemption reserve			53,005		53,005
Profit and loss account	23		(72,476)		337,829
Shareholder's funds			<u>991,941</u>		<u>1,402,246</u>

All items included within shareholders' funds are equity.

The financial statements were approved by the Board on 5/11/98

M P da Costa,
Director



The notes on pages 8 to 18 form part of these financial statements.

RICHOUX LIMITED

Cash flow statement for the six month period ended 27 June 1998

			6 month period to 27 June 1998 Total £		12 month period to 28 December 1997 Total £
	Notes	£		£	
Net cash(outflow)/inflow from operating activities	24		(66,560)		596,334
Returns of investment and servicing of finance					
Interest received		10,488		1,035	
Interest paid		(27,120)		(84,245)	
Interest element of finance lease rental payments				(1,068)	
Other				(30)	
			(16,632)		(84,308)
Taxation					
UK corporation tax			20,835		(34,001)
Capital Expenditure and financial investment					
Loan to subsidiary undertaking		(75,000)		(125,000)	
Purchase of tangible fixed assets		(435,191)		(129,241)	
Net Proceeds on sale of tangible		365,220		-	
			(144,971)		(254,241)
Cash (outflow)/inflow before financing			(207,328)		223,784
Financing					
Repayment of capital on finance leases		(4,623)		(11,532)	
Repayment of Loan		(355,448)		(76,553)	
Increase in loans		-		200,000	
			(360,071)		111,915
(Decrease)/increase in cash			(567,399)		335,699

The notes on pages 8 to 18 form part of these financial statements.

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998

1 Accounting policies

There have been no changes in accounting policies during the period save in respect of the valuation of certain fixed assets and the depreciation policy as noted below.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales of goods and catering services exclusive of value added tax.

Depreciation

The directors revised the depreciation policy at the end of the financial period to achieve consistency with that adopted by Groupe Chez Gérard plc who acquired the company immediately after the balance sheet date.

Under the new policy depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives as follows:

Leasehold premises and improvements	- with 20 years or less to run	- equally over the unexpired term of the lease.
	- with more than 20 years to run	- no charge.
Plant, fixtures and furniture	- 20% straight line (previously 10%).	
Computer equipment	- 33.3% straight line (previously 20%).	
Pre-opening costs	- 12 equal monthly instalments following the month of opening.	
Motor vehicles	- 25% straight line.	

Stock

Stock has been valued at the lower of cost or net realisable value.

Deferred Taxation

Deferred taxation is accounted for on the liability method in respect of all originating timing differences of material amount to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Where assets are financed by leasing agreements that give rights approximately to ownership ('finance leases') the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor.

Depreciation on the relevant assets is charged to profit and loss account in accordance with the company's normal rates.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account.

All other leases are treated as operating leases.

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

1 Accounting policies *(Continued)*

Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

2 Turnover and (loss)/profit

The turnover and (loss)/profit on ordinary activities before taxation is attributable to the operation of catering establishments in the United Kingdom. The loss is arrived at after charging £100,000 (period ended 28 December 1997 - £200,000) in respect of a management charge payable to the ultimate parent company.

3 Employees

	Period ended 27 June 1998 £	Period ended 27 December 1997 £
Staff costs consist of:		
Wages and salaries	768,688	1,833,403
Social security costs	74,416	147,500
Other pension costs	7,177	19,965
	<u>850,281</u>	<u>2,000,868</u>

The average weekly number of employees during the period was as follows:

	Number	Number
Full time	160	182
Part time	15	21
	<u>175</u>	<u>203</u>

RICHOUX LIMITEDNotes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)***4 Interest payable**

	Period ended 27 June 1998 £	Period ended 27 December 1997 £
Bank loans, overdrafts and other loans repayable within 5 years	42,288	93,851
Finance leases and hire purchase contracts	389	1,068
	<u>42,677</u>	<u>94,919</u>

5 (Loss)/profit on ordinary activities before taxation

This is stated after charging:

Amortisation and depreciation		
- owned assets	88,302	31,905
- assets held under finance leases and hire purchase contracts	2,505	11,376
	<u>90,807</u>	<u>43,281</u>
Hire of plant machinery - operating leases	32,015	68,778
Hire of other assets - operating leases	201,858	499,119
Auditors' remuneration	14,000	29,000
Directors' emoluments	85,465	169,323
Exceptional item (note 7)	112,075	-
	<u>445,715</u>	<u>777,526</u>

6 Directors' emoluments

Remuneration for management services (including pension contributions)	79,752	155,958
	<u>79,752</u>	<u>155,958</u>

In addition an amount £5,713 (1997 - £13,365) was paid to Baring Private Equity Partners for provision of the service of their directors.

Emoluments (excluding pension contributions):

Highest paid director	44,000	83,330
	<u>44,000</u>	<u>83,330</u>

Pension contributions are made on behalf of one director.

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

7 Exceptional item

	Period ended 27 June 1998 £	Period ended 27 December 1997 £
Cost associated with the company's sale:-		
Professional fees	44,212	-
Depreciation	10,662	-
Reorganisation costs	57,201	-
	<u>112,075</u>	<u>-</u>

8 Taxation

	Period ended 27 June 1998 £	Period ended 27 December 1997 £ (Restated)
U.K. corporation tax at 31% (1997 - 31%):	-	54,734
Under/(over) provision in respect of previous years	-	(27,000)
	<u>-</u>	<u>27,734</u>

9 Dividend

Interim dividend payable at 31p on ordinary shares	<u>300,000</u>	<u>-</u>
---	----------------	----------

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

10 Tangible assets

	Short Leasehold Properties £	Plant Fixtures Furniture & Motor vehicles £	Total £
Cost or valuation:			
At start of period	2,463,861	356,646	2,820,507
Additions	267,241	167,950	435,191
Disposals	(342,668)	(5,019)	(347,687)
Reclassification	(28,507)	-	(28,507)
At end of period	2,359,927	519,577	2,879,504
Depreciation:			
At start of period	10,000	142,900	152,900
Charge for period	62,740	28,067	90,807
Reclassification	(2,376)	-	(2,376)
At end of period	70,364	170,967	241,331
Net book value:			
At 27 June 1998	2,289,563	348,610	2,638,173
At 27 December 1997	2,453,861	213,746	2,667,607

The net book value of fixed assets includes £9,081 (1997: £11,587) in respect of assets held under finance leases and hire purchase contracts.

The amount at which properties are stated includes the original furniture and equipment.

11 Intangible assets

	Pre-Opening Expenses £
Cost:	
Additions - Reclassification	28,507
at end of period	28,507
Amortisation:	
Charge - Reclassification	2,376
at end of period	2,376
Net book value at end of period	26,131

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

12 Fixed assets - investments in group undertakings

	1998	1997
	£	£
At cost:		
Share capital	<u>137,377</u>	<u>137,377</u>
Short term loan	<u>200,000</u>	<u>125,000</u>
At end of period	<u>337,377</u>	<u>262,377</u>

At 27 June 1998 the subsidiary undertakings were:

- Richoux Coffee Co. Limited (retail catering)
- Richoux Retail Limited (dormant)
- Richoux Restaurants (London) Limited (dormant)

All of these companies are incorporated in England.

At 27 June 1998 the financial position of these subsidiary companies and Richoux Limited's interests therein were as follows:

	Richoux Coffee Co Ltd	Richoux Retail Ltd	Richoux Restaurants (London) Ltd
Capital and Reserves	£90,474	£2,000	£2
Profit/(loss) for period	(£434,250)	nil	nil
Percentage of shares held	51%	100%	100%
Type of shares held	Ordinary	Ordinary	Ordinary

Group accounts have not been prepared as the company is a subsidiary undertaking of Milor Limited which is registered in England. The financial statements present information about the company as an individual undertaking and not about its group. In the opinion of the directors the aggregate value of the assets of the company consisting of shares in or amounts owing from the subsidiaries is not less than the aggregate of the amounts at which those assets are included in the company's balance sheet.

13 Stocks

Stocks comprise goods for resale and in the opinion of the directors, the replacement values of stock are not materially different from the values disclosed in the financial statements.

RICHOUX LIMITED**Notes forming part of the financial statements for the six month period ended 27 June 1998 (Continued)****14 Debtors**

	1998 £	1997 £
Trade debtors	22,425	27,226
Amount owed by parent company	99,673	92,049
Amount owed by subsidiary company	64,734	27,651
Other debtors	27,772	226
ACT	12,500	-
Prepayments	139,146	249,514
	<u>366,250</u>	<u>396,666</u>

All amounts fall due within one year.

15 Creditors: amounts falling due within one year

	1998 £	1997 £ (Restated)
Bank overdraft (secured)	397,414	-
Bank loans (secured)	555,146	361,798
Trade creditors	489,310	493,099
Other creditors	200,000	300,000
Corporation tax	67,234	33,899
Creditors for taxation and social security	176,133	273,475
Amounts due under finance leases	6,429	6,259
Amounts due to subsidiary undertakings	2,000	2,000
Accruals	263,283	179,903
Dividend	300,000	-
	<u>2,456,949</u>	<u>1,650,433</u>

The bank loans and overdraft are secured by fixed floating charges over the assets of the company.

16 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loans (secured)	-	548,796
Amounts due under finance leases	-	4,793
	<u>-</u>	<u>553,589</u>

The bank loan is secured by fixed and floating charges over the assets of the company and is repayable by monthly instalments. The loan bears interest at 1¼% per annum over Midland Bank plc base rate.

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

16 Creditors: amounts falling due after more than one year *(Continued)*

	1998 £	1997 £
Repayments are due as follows:		
Within 1 - 2 years	-	47,199
Within 2 - 5 years	-	203,998
In five years or more	-	297,599
	<u>-</u>	<u>548,796</u>

17 Deferred taxation

The amount of provided and unprovided deferred taxation at 31% (1997 - 33%) are as follows:

	1998		1997	
	Unprovided £	Provided £	Unprovided £	Provided £
Accelerated capital allowances	<u>395,183</u>	<u>-</u>	<u>370,213</u>	<u>-</u>

18 Share capital

	1998		1997	
	Authorised £	Allotted, called up and fully paid £	Authorised £	Allotted, called up and fully paid £
Ordinary shares of £1 each	975,000	850,000	975,000	850,000
Preferred participating ordinary shares of £1 each	900,000	115,000	900,000	115,000
	<u>1,875,000</u>	<u>965,000</u>	<u>1,875,000</u>	<u>965,000</u>

The rights of each class of shares

(a) As regards income

The preferred participating ordinary shares are entitled to a net cash dividend, equal to the participating percentage, of the net profit in excess of £500,000 for the relevant financial year.

Any further dividends declared are to be distributed to the holders of ordinary shares and preferred participating ordinary shares in proportion to the percentage voting rights attached to each class of shares at the time that such dividends shall be declared.

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 (Continued)

18 Share capital (Continued)

(b) On a winding up

The preferred participating ordinary shares are entitled to all arrears and accruals of the participating dividend, plus an amount equal to the subscription price.

Ordinary shares and preferred participating ordinary shares are entitled to an amount of up to £500,000 per share.

Any remaining surplus is to be distributed amongst the holders of each class of share pro rata to the number of shares held by each of them.

(c) As regards voting

The voting rights of the preferred participating ordinary shares and the ordinary shares are determined by a ratchet formula.

19 Leasing and hire purchase commitments

Included under creditors are leasing and hire purchase commitments. The future minimum obligations under these agreements are payable as follows:

	1998	1997
	£	£
Within 12 months	4,745	6,829
Between 12 and 60 months	3,559	5,653
	<hr/>	<hr/>
	8,304	12,482
Less: Finance charges allocated to future accounting years	1,875	1,430
	<hr/>	<hr/>
	6,429	11,052
	<hr/>	<hr/>

At 27 June 1998 there were annual commitments under non-cancellable operating leases as set out below:

	1998		1997	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating lease which expire:				
Within 1 - 2 years	-	11,785	-	11,583
Within 2 - 5 years	-	32,232	-	13,700
Over 5 years	513,500	-	473,500	-
	<hr/>	<hr/>	<hr/>	<hr/>

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

20 Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

21 Contingent liability

A contingent liability exists in respect of an unlimited multilateral guarantee given to the company's bankers as security for borrowings by Milor Limited. The guarantee is secured by fixed and floating charges over the company's assets. At 28 June 1998 the amount outstanding was £410,496 (1997 – £429,214).

22 Ultimate parent company

The ultimate parent company is Milor Limited which is registered in England which is the parent company of the smallest and largest group of which the company is member. On 29 June 1998 the entire share capital of the company was sold to Groupe Chez Gérard plc which is also registered in England.

23 Movement on reserves

Profit and Loss Account £

Balance at 27 December 1997 as previously stated	467,214
Prior year adjustments	(129,385)
	<hr/>
Balance at 27 December 1997 as restated	337,829
Loss for the period	(410,305)
	<hr/>
Balance at 27 June 1998	<u>(72,476)</u>

24 Reconciliation of operating profit to net cash inflow from operating activities

	1998 £	1997 £
Operating profit	33,959	327,113
Exceptional loss	(112,075)	-
Depreciation	90,807	43,281
Profit on disposal of fixed assets	(17,533)	-
Decrease in stocks	28,674	15,806
Decrease in debtors	42,915	5,937
(Decrease)/increase in creditors	(133,307)	204,197
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u>(66,560)</u>	<u>596,334</u>

RICHOUX LIMITED

Notes forming part of the financial statements for the six month period ended 27 June 1998 *(Continued)*

25 Reconciliation of net cash inflow to movement in net debt

	1998		1997	
	£	£	£	£
(Decrease)/increase in cash in the year	(567,399)		335,699	
Cash outflow from change in debt and lease financing	360,071		(111,915)	
Change in net debt resulting from cash flows		(207,328)		223,784
New finance leases		-		(15,032)
Movement in net debt in the year		(207,328)		208,752
Opening net debt		(951,661)		(1,160,413)
Closing net debt		(1,158,989)		(951,661)

26 Analysis of net debt

	At 28 December 1997 £	Cash flow £	Other non-cash changes £	At 27 June 1998 £
Cash in hand and at bank	169,985	(169,985)	-	-
Overdrafts	-	(397,414)	-	(397,414)
	169,985	(567,399)	-	(397,414)
Debt due after 1 year	(548,796)	-	548,796	-
Debt due within 1 year	(561,798)	355,448	(548,796)	(755,146)
Finance leases	(11,052)	4,623	-	(6,429)
	(1,121,646)	360,071	-	(761,575)
Total	(951,661)	(207,328)	-	(1,158,989)