

TASTY PLC
Interim report 2016

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Chairman's statement

I am pleased to report on the Group's half year results for the 27 weeks ended on 3 July 2016, prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

Results

Sales increased by 28% on the corresponding period to £21,794,000 (2015 - £17,050,000). Adjusted operating profit*, before pre-opening costs, non-trade items and interest, was £1,925,000 (2015 – £1,684,000), a 14% increase on the corresponding period and adjusted pre-tax profit* for the period increased by 17.5% to £1,615,000 (2015 - £1,375,000).

The Group has successfully implemented its programme of operational improvements during the period which has included changes to the central kitchen infrastructure and upgrades to a number of key systems. Appointments have been made across the Group in: Operations, Marketing, Finance and HR departments to support future openings and the Group's expansion. The Group websites and the wider digital marketing strategy continue to be developed as planned.

The Group has undertaken a comprehensive review of its estate during the period and has recognised impairment charges against five sites. Aside from these units, trade remains in line with expectations across the wider estate and the Group is benefitting from a number of cost savings which are offsetting pressures on direct input costs. After taking into account all non-trade adjustments the Group has a stated loss after tax for the period of £2,637,000 (2015 – profit £1,052,000).

Cash flows and financing

During the period capital expenditure of £5,044,000 (2015 - £4,495,000) was incurred. Four sites have been opened in the period, with a further three sites opened since the period end. The Group is currently undertaking construction on three sites and expects to start construction on at least a further four sites during Q4 of 2016. The Board has reviewed its property pipeline and now expects to open fifteen restaurants in 2017.

Overall, the net cash inflow for the period was £334,000 (2015 – outflow £731,000). As at 3 July 2016, the Group had net borrowings of £7,445,000 (2015 – £1,737,000). The Group has an available banking facility of £12,000,000.

Chairman's statement

Outlook

The Group continues to expand its operations through new openings. Actions are regularly taken to improve profitability at all sites, increasing sales through updated menus and improving food and labour margins.

The Group currently trades from fifty-five restaurants which consists of seven Dim t and forty-eight Wildwoods and Wildwood Kitchens. The Group continues to evaluate new sites for further acquisitions.

K Lassman
Chairman
Tasty plc

6 September 2016

* excluding the impact of a £3,920,000 (2013 - £48,000)
charge for non-trading items (note 3)

Consolidated statement of comprehensive income

for the 27 weeks ended 3 July 2016 (unaudited)

	27 weeks to 3 July 2016 £'000	26 weeks to 28 June 2015 £'000	52 weeks to 27 December 2015 £'000
Revenue	21,794	17,050	35,794
Cost of sales	(23,409)	(15,182)	(31,594)
Gross profit	(1,615)	1,868	4,200
Administrative costs	(577)	(484)	(1,026)
Operating profit excluding pre-opening costs and non-trading items	1,925	1,684	3,951
Pre-opening costs	(197)	(252)	(644)
Non-trading items	(3,920)	(48)	(133)
Operating profit	(2,192)	1,384	3,174
Finance expense	(113)	(57)	(107)
Profit before tax	(2,305)	1,327	3,067
Income tax	(332)	(275)	(600)
Profit / (loss) and total comprehensive income attributable to equity shareholders	(2,637)	1,052	2,467
Earnings per share			
Basic	(4.95p)	1.98p	4.64p
Diluted	(4.80p)	1.94p	4.58p

Consolidated statement of changes in equity

for the 27 weeks ended 3 July 2016 (unaudited)

	Share capital	Share premium	Merger reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 27 December 2015	5,322	13,371	992	2,599	22,284
Issue of ordinary shares	14	32	-	-	46
Total comprehensive income for the period	-	-	-	(2,637)	(2,637)
Share based payments - credit to equity	-	-	-	50	50
Balance at 3 July 2016	5,336	13,403	992	12	19,743
Balance at 28 December 2014	5,305	13,336	992	(1)	19,632
Issue of ordinary shares	14	31	-	-	45
Total comprehensive income for the period	-	-	-	1,052	1,052
Share based payments - credit to equity	-	-	-	48	48
Balance at 28 June 2015	5,319	13,367	992	1,099	20,777
Balance at 28 December 2014	5,305	13,336	992	(1)	19,632
Issue of ordinary shares	17	35	-	-	52
Total comprehensive income for the period	-	-	-	2,467	2,467
Share based payments - credit to equity	-	-	-	133	133
Balance at 27 December 2015	5,322	13,371	992	2,599	22,284

Consolidated balance sheet

At 3 July 2016 (unaudited)

	3 July 2016 £'000	28 June 2015 £'000	27 December 2015 £'000
Non-current assets			
Intangible assets	469	443	470
Property, plant and equipment	28,944	24,025	28,496
Pre-paid operating lease charges	1,614	1,671	1,936
Other non-current assets	198	327	148
	31,225	26,466	31,050
Current assets			
Inventories	1,980	1,328	1,812
Trade and other receivables	3,270	2,177	2,529
Pre-paid operating lease charges	168	152	140
Cash and cash equivalents	2,555	1,313	2,221
	7,973	4,970	6,702
Total assets	39,198	31,436	37,752
Current liabilities			
Trade and other payables	(7,364)	(6,236)	(8,076)
Borrowings	-	(375)	(750)
	(7,364)	(6,611)	(8,826)
Non-current liabilities			
Provisions	(45)	(55)	(45)
Lease incentives	(832)	(478)	(715)
Deferred tax liability	(1,214)	(890)	(882)
Long-term borrowings	(10,000)	(2,625)	(5,000)
	(12,091)	(4,048)	(6,642)
Total liabilities	(19,455)	(10,659)	(15,468)
Total net assets	19,743	20,777	22,284
Equity			
Share capital	5,336	5,319	5,322
Share premium	13,403	13,367	13,371
Merger reserve	992	992	992
Retained profit	12	1,099	2,599
Total equity	19,743	20,777	22,284

Consolidated cash flow statement

for the 27 weeks ended 3 July 2016 (unaudited)

	27 weeks 3 July 2016 £'000	26 weeks 28 June 2015 £'000	52 weeks 27 December 2015 £'000
Operating activities			
Cash generated from operations	1,195	1,526	5,076
Corporation tax paid	-	-	-
Net cash inflow from operating activities	1,195	1,526	5,076
Investing activities			
Purchase of property, plant and equipment	(5,044)	(4,495)	(9,844)
Interest received	-	-	9
Net cash flows used in investing activities	(5,044)	(4,495)	(9,835)
Financing activities			
Net proceeds from issues of ordinary shares	46	45	52
Bank loan receipt	4,250	2,250	5,750
Bank loan repayment	-	-	(750)
Interest paid	(113)	(57)	(116)
Net cash flows generated / (used) in financing activities	4,183	2,238	4,936
Net decrease in cash and cash equivalents	334	(731)	177
Cash and cash equivalents at beginning of the period	2,221	2,044	2,044
Cash and cash equivalents as at 3 July 2016	2,555	1,313	2,221

Notes to the condensed financial statements

for the 27 weeks ended 3 July 2016 (unaudited)

1 General information

Tasty plc (“Tasty”) is a public limited company incorporated in the United Kingdom under the Companies Act (registration number 5826464). The Company is domiciled in the United Kingdom and its registered address is 32 Charlotte Street, London, W1T 2NQ. The Company’s ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange (“AIM”). Copies of this Interim Report or the Annual Report and Financial Statements may be obtained from the above address or on the investor relations section of the Company’s website at www.dimt.co.uk.

2 Basis of accounting

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union. The same accounting policies, presentation and methods of computation have been followed in the preparation of these results as were applied in the Company’s latest annual audited financial statements.

The financial information for the period ended 27 December 2015 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2015 have been filed with the Registrar of Companies. The Independent Auditors’ Report on the Annual Report and Financial Statements for 2015 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The condensed financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000).

Except when otherwise indicated, the consolidated accounts incorporate the financial statements of Tasty plc and its subsidiary, Took Us A Long Time Limited, made up to the relevant period end.

3 Non-trading items

	27 weeks	26 weeks	52 weeks
	3 July	28 June	27 December
	2016	2015	2015
	£’000	£’000	£’000
Write-off of rent premium	(294)	-	-
Share based payments	(50)	(48)	(104)
Impairment of property, plant and equipment	(3,576)	-	-
	(3,920)	(48)	(104)

Notes to the condensed financial statements

for the 27 weeks ended 3 July 2016 (unaudited)

4 Income tax

The income tax charge has been calculated by reference to the estimated effective corporation tax and deferred tax rates of 20% (2015 – 21.5%).

5 Earnings per share

	27 weeks 3 July 2016 Pence	26 weeks 28 June 2015 pence	52 weeks to 27 December 2015 Pence
Basic earnings per ordinary share	(4.95)	1.98	4.64
Diluted earnings per ordinary share	(4.80)	1.94	4.58

The basic earnings per share figures are calculated by dividing the net profit for the period attributable to shareholders by the weighted average number of ordinary shares in issue during the period. The diluted earnings per share figure allows for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Options are only taken into account when their effect is to reduce basic earnings per share.

Earnings per share have been calculated using the numbers shown below:

	27 weeks 3 July 2016 number '000	26 weeks 28 June 2015 number '000	52 weeks to 27 December 2015 number '000
Weighted average ordinary shares (basic)	53,243	53,171	53,189
Weighted average ordinary shares (diluted)	54,951	54,278	53,886

	27 weeks 3 July 2016 £'000	26 weeks 28 June 2015 £'000	52 weeks to 27 December 2015 £'000
Profit for the financial period	(2,637)	1,052	2,467

Notes to the condensed financial statements

for the 27 weeks ended 3 July 2016 (unaudited)

6 Reconciliation of profit before tax to net cash inflow from operating activities

	27 weeks 3 July 2015 £'000	26 weeks 28 June 2015 £'000	52 weeks to 27 December 2015 £'000
Profit before tax	(2,305)	1,327	3,067
Finance income	-	-	(9)
Finance expense	113	57	116
Write-off of rent premium	294		
Share based payment charge	50	48	133
Depreciation	1,020	922	1,710
Impairment	3,576	-	-
Amortisation of intangible assets	1	-	2
Onerous lease provision movement	-	-	(10)
Increase in inventories	(168)	(277)	(761)
Increase in trade and other receivables	(791)	(362)	(535)
Increase in trade and other payables	(595)	(189)	1,363
	1,195	1,526	5,076