

**TASTY PLC**  
Interim report 2017

# Contents

- 3 Chairman's statement
- 5 Consolidated statement of comprehensive income
- 6 Consolidated statement of changes in equity
- 7 Consolidated balance sheet
- 8 Consolidated cash flow statement
- 9 Notes to the condensed financial statements

# Chairman's statement

## Introduction

The Group is currently trading from sixty-five restaurants after successfully opening 4 new sites in the 26 week period to 2 July 2017.

The Board believes that the sector as a whole has been suffering due to a slowdown in consumer spending since the beginning of 2017 and this is set to continue into 2018. This is not unique to the Group or any particular area but appears to be a nationwide problem particularly evident in London and has impacted turnover and profit.

## Business review

As a result of the weak trading environment the Group is facing pressure on sales and margins. The Group is taking decisive action to improve its position;

### *Site disposals*

A number of sites have been identified as underperforming and turnaround measures have been implemented which are producing encouraging results. We are currently in the process of disposing of some sites and are marketing others which have not shown significant signs of improvement.

### *Food offering*

We have carried out a major review of our menus taking into account customer feedback to ensure, the offering remains current and in line with our customers' tastes and we are in the best position to maintain and increase our market share. We have reduced the number of dishes on the menu, along with improving the recipes of over a third of the items, to reduce preparation time in the kitchen and improve quality.

### *Promotions and pricing*

The Board has noted that the level of promotional activity in the sector has increased significantly in 2017. The Group is investigating different pricing models and will be testing moving away from aggressive promotions to focus on a cheaper better value menu offer.

### *Cost base*

The Group has set up an infrastructure ready for a significant roll out, however the pace of the roll out has been scaled back in the current climate. The Group will be reviewing its functions to this revised pace.

## Results

Sales increased by 11.8% on the corresponding period to £24,375,000 (2016 - £21,794,000) with like for like sales declining. Headline operating profit, before pre-opening costs, non-trade items and interest, was £544,000 (2016 - £1,925,000) and pre-tax profit before pre-opening costs and non-trade items decreased to £210,000 (2016 - £1,615,000).

The Group has undertaken a comprehensive review of its estate during the period and has recognised an impairment charge of £9,492,000 in light of current trading conditions. After taking into account all non-trade adjustments the Group has a stated loss after tax for the period of £9,302,000 (2016 - loss £2,637,000).

# Chairman's statement

## **Cash flows and financing**

During the period capital expenditure of £4,414,000 (2016 - £5,044,000) was incurred. Four sites have been opened in the period, with a further two sites due to open imminently and no further sites planned for 2017. The Board has reviewed its property pipeline and is currently not committed to opening any sites in 2018.

Overall, the net cash outflow for the period was £3,425,000 (2016 – inflow £334,000). As at 2 July 2017, the Group had net borrowings of £5,421,000 (2016 – £7,445,000). The Group has an available banking facility of £12,000,000 and it is the Board's intention to reduce net debt by the year end.

## **Outlook**

The Group recognises the challenging conditions ahead and is taking action to strengthen its position. The Directors are confident that the Group's restaurants remain appealing to customers and the Group will continue its growth in the future.

K Lassman  
Chairman  
Tasty plc

12 September 2017

# Consolidated statement of comprehensive income

for the 26 weeks ended 2 July 2017 (unaudited)

	26 weeks to 2 July 2017 £'000	27 weeks to 3 July 2016 £'000	53 weeks to 1 January 2017 £'000
<b>Revenue</b>	<b>24,375</b>	21,794	45,847
Cost of sales	<b>(23,482)</b>	(19,542)	(40,570)
<b>Gross profit</b>	<b>893</b>	2,252	5,277
Administrative costs	<b>(349)</b>	(327)	(485)
<b>Operating profit excluding pre-opening costs and non-trading items</b>	<b>544</b>	<b>1,925</b>	4,792
Pre-opening costs	<b>(165)</b>	(197)	(644)
Share based payments	<b>(50)</b>	(50)	(100)
Exceptional Costs – rebranding	-	-	(55)
Exceptional Costs – impairment of lease premiums	<b>(172)</b>	(294)	(294)
Exceptional Costs – impairment of property, plant and equipment	<b>(9,320)</b>	(3,576)	(3,576)
<b>Operating (loss) / profit</b>	<b>(9,163)</b>	(2,192)	125
Finance income	<b>(119)</b>	(113)	1
Finance expense			(214)
<b>Loss before tax</b>	<b>(9,282)</b>	(2,305)	(88)
Income tax	<b>(20)</b>	(332)	(760)
Loss and total comprehensive income period attributable to equity shareholders	<b>(9,302)</b>	(2,637)	(848)
<b>loss per share</b>			
Basic	<b>(15.56p)</b>	(4.95p)	(1.56p)

# Consolidated statement of changes in equity

for the 26 weeks ended 2 July 2017 (unaudited)

	Share capital	Share premium	Merger reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 01 January 2017</b>	5,975	21,348	992	1,851	30,166
Issue of ordinary shares	5	28	-	-	33
Total comprehensive income for the period	-	-	-	(9,302)	(9,302)
Share based payments - credit to equity	-	-	-	50	50
<b>Balance at 02 July 2017</b>	5,980	21,376	992	(7,401)	20,947
<b>Balance at 27 December 2015</b>	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
<b>Balance at 3 July 2016</b>	5,336	13,403	992	12	19,743
<b>Balance at 27 December 2015</b>	5,322	13,371	992	2,599	22,284
Issue of ordinary shares	653	7,977	-	-	8,630
Total comprehensive income for the period	-	-	-	(848)	(848)
Share based payments - credit to equity	-	-	-	100	100
<b>Balance at 01 January 2017</b>	5,975	21,348	992	1,851	30,166

# Consolidated balance sheet

At 2 July 2017 (unaudited)

	2 July 2017 £'000	3 July 2016 £'000	01 January 2017 £'000
<b>Non-current assets</b>			
Intangible assets	444	469	473
Property, plant and equipment	27,844	28,944	34,200
Pre-paid operating lease charges	1,833	1,614	1,861
Other non-current assets	278	198	279
	<b>30,399</b>	<b>31,225</b>	<b>36,813</b>
<b>Current assets</b>			
Inventories	2,442	1,980	2,465
Trade and other receivables	4,195	3,270	4,390
Pre-paid operating lease charges	114	168	124
Cash and cash equivalents	1,579	2,555	5,004
	<b>8,330</b>	<b>7,973</b>	<b>11,983</b>
<b>Total assets</b>	<b>38,729</b>	<b>39,198</b>	<b>48,796</b>
<b>Current liabilities</b>			
Trade and other payables	(8,191)	(7,364)	(9,163)
Corporation tax liabilities	(407)	-	(407)
	<b>(8,598)</b>	<b>(7,364)</b>	<b>(9,570)</b>
<b>Non-current liabilities</b>			
Provisions	(30)	(45)	(35)
Lease incentives	(1,168)	(832)	(1,059)
Deferred tax liability	(986)	(1,214)	(966)
Long-term borrowings	(7,000)	(10,000)	(7,000)
	<b>(9,184)</b>	<b>(12,091)</b>	<b>(9,060)</b>
<b>Total liabilities</b>	<b>(17,782)</b>	<b>(19,455)</b>	<b>(18,630)</b>
<b>Total net assets</b>	<b>20,947</b>	<b>19,743</b>	<b>30,166</b>
<b>Equity</b>			
Share capital	5,980	5,336	5,975
Share premium	21,376	13,403	21,348
Merger reserve	992	992	992
Retained (deficit) / profit	(7,401)	12	1,851
<b>Total equity</b>	<b>20,947</b>	<b>19,743</b>	<b>30,166</b>

# Consolidated cash flow statement

for the 26 weeks ended 2 July 2017 (unaudited)

	26 weeks	27 weeks	53 weeks
	2 July	3 July	1 January
	2017	2016	2017
	£'000	£'000	£'000
<b>Operating activities</b>			
Cash generated from operations	1,075	1,195	5,368
Corporation tax paid	-	-	(600)
<b>Net cash inflow from operating activities</b>	<b>1,075</b>	<b>1,195</b>	<b>4,768</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(4,414)	(5,044)	(11,652)
Interest received	-	-	1
<b>Net cash flows used in investing activities</b>	<b>(4,414)</b>	<b>(5,044)</b>	<b>(11,651)</b>
<b>Financing activities</b>			
Net proceeds from issues of ordinary shares	33	46	8,630
Bank loan receipt	-	4,250	6,250
Bank loan repayment	-	-	(5,000)
Interest paid	(119)	(113)	(214)
<b>Net cash flows generated / (used) in financing activities</b>	<b>(86)</b>	<b>4,183</b>	<b>9,555</b>
Net decrease in cash and cash equivalents	(3,425)	334	2,783
Cash and cash equivalents at beginning of the period	5,004	2,221	2,221
<b>Cash and cash equivalents as at 3 July 2016</b>	<b>1,579</b>	<b>2,555</b>	<b>5,004</b>



# Notes to the condensed financial statements

for the 26 weeks ended 2 July 2017 (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](http://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 26 weeks ended 2 July 2017 has not been subject to an audit nor a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board.

The financial information for the period ended 1 January 2017 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2016 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 Income tax

The income tax charge has been calculated by reference to the estimated effective corporation tax and deferred tax rates of 20% (2016 – 20%).

# Notes to the condensed financial statements

for the 26 weeks ended 2 July 2017 (unaudited)

## 4 Earnings per share

	<b>26 weeks</b> <b>2 July</b> <b>2017</b> <b>Pence</b>	<b>27 weeks</b> <b>3 July</b> <b>2016</b> <b>Pence</b>	<b>53 weeks</b> <b>1 January</b> <b>2017</b> <b>Pence</b>
Loss per ordinary share	<b>(15.56)</b>	(4.95)	(1.56)
Diluted Loss per ordinary share	<b>(15.56)</b>	(4.95)	(1.56)

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:

	<b>26 weeks</b> <b>2 July</b> <b>2017</b> <b>number</b> <b>'000</b>	<b>27 weeks</b> <b>3 July</b> <b>2016</b> <b>number</b> <b>'000</b>	<b>53 weeks</b> <b>1 January</b> <b>2017</b> <b>number</b> <b>'000</b>
Weighted average ordinary shares (basic)	59,763	53,243	54,314
Weighted average ordinary shares (diluted)	59,763	53,243	54,314

	<b>26 weeks</b> <b>2 July</b> <b>2017</b> <b>£'000</b>	<b>27 weeks</b> <b>3 July</b> <b>2016</b> <b>£'000</b>	<b>53 weeks</b> <b>1 January</b> <b>2017</b> <b>£'000</b>
Loss for the financial period	(9,302)	(2,637)	(848)

# Notes to the condensed financial statements

for the 26 weeks ended 2 July 2017 (unaudited)

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

	26 weeks 2 July 2017 £'000	27 weeks 3 July 2016 £'000	53 weeks 1 January 2017 £'000
Loss before tax	(9,282)	(2,305)	(88)
Finance income	-	-	(1)
Finance expense	119	113	214
Write-off of rent premium	172	294	
Share based payment charge	50	50	100
Depreciation	1,345	1,020	6,034
Impairment	9,320	3,576	-
Amortisation of intangible assets	1	1	2
Onerous lease provision movement	(5)	-	(10)
Increase in inventories	23	(168)	(653)
Increase in trade and other receivables	196	(791)	(1,330)
Increase in trade and other payables	(864)	(595)	1,100
	<hr/> 1,075	<hr/> 1,195	<hr/> 5,368