Tasty plc

Preliminary results for the 52 weeks ended 1 January 2012

Highlights

* Revenue up 38% to £14,565,000 (2010 - £10,560,000)

* Like for like sales increased by 10%

* Operating profit excluding pre-opening costs of £1,164,000 (2010 -£528,000)

* Statutory pre-tax profit of £1,066,000 (2010 -£244,000)

* Further new units in pipeline and well positioned to continue expansion

Enquiries

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Chairman's statement

I am pleased to be reporting on the Group's profitable results of some £1,276,000 (2010 - £244,000). The results are for the 52 week period ended 1 January 2012 and a comparative of the 53 week period ended 2 January 2011. During the year a new Wildwood restaurant was opened, and two Café Pasta restaurants and a Chez Gerard restaurant were acquired. The Group now has eighteen restaurants in operation - 6 DimTs, 9 Wildwoods and 3 others.

Results

Revenue for the year was up 38% on last year to £14,565,000 (2010 - £10,560,000). On a like-for-like basis sales increased by 10%; made up of 5.5% at DimT and 16.7% at Wildwood.

Operating profit before pre-opening costs and non-trading items was £1,164,000 (2010 - £528,000). Pre-opening costs for the period totalled £110,000 (2010 - £294,000). The overall statutory pre-tax profit was £1,066,000 (2010 - £244,000).

The Board does not recommend the payment of a dividend at this stage of the Group's development.

Openings

A new Wildwood restaurant was opened at Canary Wharf in July: and two Café Pasta restaurants were acquired at Shaftesbury Avenue and Stratford-upon-Avon in November; and a Chez Gerard site at Cambridge was purchased in December.

Since the year end we have successfully opened 2 Wildwood restaurants in Epping and Cambridge. Market Harborough is due to open in April 2012 with a number of others already in the pipeline, at various stages of completion and negotiation.

Cash flows

Net cash outflow for the period before financing was £911,000 (2010 - £831,000). This is largely represented by capital expenditure on the expansion of the business through the opening and acquisition of the above sites. Cash flows from operating activities increased to £1,742,000 (2010 - £1,217,000). During the period £nil (2010 - £1,900,000) was raised from a share issue. Net cash and cash equivalents held at the end of the year were £2,008,000 (2010 - £2,919,000).

Review of the business

2011 has proved to be a year of expansion. The Group continually looks to update its menus and for much of the year has successfully offered promotions to encourage growth in sales.

Management have continued to focus on food and labour margins and these continue to be kept under constant review. This has resulted in a considerable improvement in the trading position of the Group despite the continuing challenging economic climate in the United Kingdom.

Pre-opening costs have been highlighted in the income statement as these costs represent revenue expenses, including rent free periods, which give rise to a charge under technical accounting rules, which are necessarily incurred in the period prior to a new unit being opened, but which are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

Staff

As ever, it is our dedicated staff that have contributed significantly throughout the year to the Group's much improved performance, and I would like to take this opportunity of thanking them for their hard work and effort.

Current Trading

Since the year end trading has been in line with expectations.

AGM

The Company's annual general meeting will take place on 24 May 2012.

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Keith Lassman

Chairman

17 April 2012

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Consolidated Statement of Comprehensive Income for the 52 weeks ended 1 January 2012

	Note	2011	2010
		£'000	£'000
Revenue		14,565	10,560
Cost of sales		(12,836)	(9,456)
Gross profit		1,729	1,104
Administrative costs		(675)	(870)
Operating profit excluding pre-opening costs		1,164	528
Pre-opening costs		(110)	(294)
Operating profit		1,054	234
Finance income		12	10
Profit before taxation		1,066	244

Income tax credit	2	210	-
Profit and total comprehensive income for the period			
- attributable to equity shareholders		1,276	244
Profit per ordinary share			
Basic	3	2.67p	0.56p
Diluted	3	2.64p	0.56p

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Consolidated statement of changes in equity as at 1 January 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Total Equity £'000
Balance at 27 December 2009	3,784	9,450	992	(6,766)	7,460
Total comprehensive income for the period	-	-	-	244	244

Issue of share capital (net of £100,000 issue costs)	1,000	900	-	-	1,900
Share based payments - credit to equity	-	-	-	90	90
Balance at 2 January 2011	4,784	10,350	992	(6,432)	9,694
Total comprehensive income for the period	-	-	-	1,276	1,276
Share based payments - credit to equity	-	-	-	29	29
Balance at 1 January 2012	4,784	10,350	992	(5,127)	10,999

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Consolidated balance sheet at 1 January 2012

	Note	2011	2011	2010	2010
		£'000	**£'000**	£'000	**£'000**
Assets					
Non-current assets					
Intangible assets	4	450		61	
Property, plant and equipment		8,546		7,152	
Pre-paid operating lease charges		1,382		893	
Deferred tax asset		460		250	
Other receivables		451		292	
Total non-current assets		11,289		8,648	
Current assets					
Inventories		499		438	
Trade and other receivables		711		569	
Pre-paid operating lease charges		67		40	
Cash and cash equivalents		2,008		2,919	

Total current assets	3,285	3,966
Total assets	14,574	12,614
Liabilities		
Non-current liabilities		
Accrual for lease incentives	200	213
Total non-current liabilities	200	213
Current liabilities		
Trade and other payables	3,290	2,607
Provisions	85	100
Total current liabilities	3,375	2,707
Total liabilities	3,575	2,920
TOTAL NET ASSETS	10,999	9,694

Capital and reserves attributable to

equity holders of the parent

Share capital	4,784	4,784
Share premium reserve	10,350	10,350
Retained deficit	(5,127)	(6,432)
Merger reserve	992	992
TOTAL EQUITY	10,999	9,694

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Consolidated cash flow statement for the 52 weeks ended 1 January 2012

	2011	2011	2010	2010
	£'000	£'000	£'000	£'000

Cash flows from operating activities

Profit for the period before taxation	1,066	244
Adjustments for:		
Depreciation	582	435
Amortisation	2	3
Impairment losses	-	-
Onerous lease provision	-	-
Equity settled share-based payment expense	29	90
Finance income	(12)	(10)
Gain on sale of property, plant and equipment	-	(25)
Cash flows from operating activities before changes in working capital	1,667	737
Increase in trade and other receivables	(537)	(249)
Increase in inventories	(43)	(87)
Increase in trade and other payables	655	816
Cash generated from operations	1,742	1,217

Income tax received	-	-
Net cash flows from operating activities		
carried forward	1,742	1,217

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Consolidated cash flow statement for the 52 weeks ended 1 January 2012 *(Continued)*

	2011	2011	2010	2010
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
brought forward		1,742		1,217
Investing activities before taxation				
Purchases of property, plant and				

equipment	(1,607)	(1,619)
Purchase of intangible assets	-	-
Acquisition	(1,058)	(464)
Sale of property, plant and equipment	-	25
Interest received	12	10
Net cash outflow from investing activities	(2,653)	(2,048)
Financing activities		
Issue of ordinary shares (net of issue costs of £100,000)	-	1,900
Net cash from financing activities	-	1,900
Net (decrease)/increase in cash and cash equivalents	(911)	1,069

Cash and cash equivalents at beginning of period	2,919	1,850
Cash and cash equivalents at end of period	2,008	2,919

Notes to the preliminary announcement

1. **Basis of preparation**

The financial information has been prepared in accordance with the accounting policies and presentation required by International Financial Reporting Standards, incorporating International Accounting Standards ("IAS") and Interpretations (collectively 'IFRS') as endorsed by the EU. They are presented in pounds sterling, rounded to the nearest thousand. 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 2010 Report and Accounts.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the 52 weeks ended 1 January 2012 or the 53 weeks ended 2 January 2011. Statutory accounts for the 52 weeks ended 1 January 2012 and the 53 weeks ended 2 January 2011 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statement for both periods 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 Annual Report and Financial Statements for 2010 have been filed with the Registrar of Companies. The statutory accounts for the 52 weeks ended 1 January 2012 will be delivered to the registrar in due course.

2. Tax on profit on ordinary activities

	2011	2010
	£'000	£'000
(a) Analysis of charge for the period		
Current tax		
UK corporation tax on profits of the period	-	-
Current tax charge for the period	-	-
Deferred tax		
Recognition of tax losses	210	-
Total deferred tax	210	-
Total income tax credit	210	-

(b) Factors affecting tax charge for the period

The tax charge for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	1,066	244
Profit on ordinary activities multiplied by average		
standard rate of corporation tax in the UK of 20.25%		
(2010 - 21%)	216	51
Effects of:		
Expenses not deductible for tax purposes	12	33
Utilisation oftax losses	(228)	(84)
Recognition of losses carried forward	(210)	-
Total tax credit (see (a) above)	(210)	-

3. Profit per ordinary share (EPS)

	2011	2010
	£'000	£'000
Numerator		
Profit for the period	1,276	244
Denominator		
	Number	Number
	'000	'000
Weighted average number of ordinary shares (basic)	47,836	43,230
Weighted average number of ordinary shares (diluted)	48,328	43,368
Basic profit per ordinary share (pence)	2.67p	0.56p
Diluted profit per ordinary share (pence)	2.64p	0.56p

2,553,460 share options have been excluded when calculating the diluted EPS as they were anti-dilutive (2010 - 2,195,472).

4. Acquisition

In November 2011, the Group entered into an agreement to purchase two leasehold sites from Café Pasta for cash consideration of £640,000 plus the value of inventory.

In December 2012, the Group entered into an agreement to purchase the leasehold site at Cambridge from Chez Gerard for cash consideration of £400,000, plus the value of inventory.

The Group also took on the previous employees in both situations. The assets acquired continued to trade in their existing state. The rationale for the acquisition was to ultimately expand the Wildwood brand into locations the Group felt it could achieve a return.

These transactions have been treated as a business combination under IFRS 3 (revised). The table below sets out the fair value of the identifiable assets and liabilities acquired, as well as the consideration and consequent goodwill.

	Café Pasta	**Cambridge**	**Total Fair value**
	£'000	**£'000**	**£'000**
Property, plant and equipment	249	120	369
Pre-paid operating lease expenses (premiums)	130	150	280
Inventories	10	8	18
Total net assets acquired	389	278	667
Consideration paid (all cash)	650	408	1,058
Goodwill on acquisition	261	130	391

The result for the financial period includes revenue of £213,000 and profit of £1,000, which has arisen from the acquired leases in the period post acquisition.

It has not been possible to calculate the revenue and profit that would have resulted had the acquisitions been completed on the first day of the accounting period due to the limited information available about these sites. The rationale for the acquisitions was to continue the expansion of the Group's brands into new locations.

In the prior period on 7 October 2011 the Group entered into an agreement to purchase 2 leasehold sites from Caffe Uno Brasseries Limited for cash consideration of £450,000 plus the value of inventory. The group also took on the previous employees. The assets acquired continued to trade in their existing state initially, before closing for refurbishment and rebranding. The rationale for the acquisition was to expand the Wildwood brand into locations the Group felt it could achieve a return.

As a result the Group recognised goodwill of £50,000.