

Tasty plc
(“Tasty” or the “Company”)

Preliminary results for the 52 weeks ended 28 December 2014

Highlights:

- Revenue up 28% to £29,734,000 (2013 - £23,192,000)
- Gross profit up 26% to £3,527,000 (2013 - £2,806,000)
- Profit before tax up 46% to £2,552,000 (2013 - £1,742,000)
- Seven new Wildwood and Wildwood Kitchen restaurants opened in the year
- Three new restaurants have opened since the year end.
- A number of other sites in the pipeline at various stages of completion.

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Chairman’s statement

I am pleased to be reporting on the Group's profitable results of £2,052,000 (December 2013 - £1,442,000). The results are for the 52 week period ended 28 December 2014 and a comparative of the 52 week period ended 29 December 2013.

Results

Revenue for the year was up 28% on last year to £29,734,000 (2013 - £23,192,000). Operating profit before pre-opening costs and non-trading items was up 34% on last year at £3,090,000 (2013 - £2,301,000). Pre-opening costs for the period totalled £360,000 (2013 - £259,000).

The overall statutory pre-tax profit was up by some 46% at £2,552,000 (2013 - £1,742,000).

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

Openings

Seven new Wildwood and Wildwood Kitchen restaurants were opened during the year: Oakham and Salisbury opened in March. Camberley, Nottingham and Ludlow were all opened in August with Bristol and Wantage opening in November and December respectively.

Since the year end a further three sites have been opened and a number of other sites are already in the pipeline, at various stages of completion and negotiation.

Cash flows

Net cash outflow for the period before financing was £1,061,000 (2013 - £1,531,000). This is largely represented by capital expenditure on the expansion of the business through the opening of the above sites. Cash flows from operating activities increased to £5,308,000 (2013 - £3,238,000).

The Company continued to have access to its banking facility of £4,000,000 (£1,000,000 term loan and £3,000,000 revolving facility which remains unused). During the year the Company repaid £250,000 of the term loan. As at 28 December 2014 the balance of the Company's term loan was £750,000.

Cash and cash equivalents held at the end of the period were £2,044,000 (2013 - £3,407,000).

Review of the business

The Group delivered another strong performance in 2014, with an improvement in operating profit margin and a 46% increase in pre-tax profits.

The Group continued its expansion during the year, adding seven new sites to the estate. The rate of development will accelerate in the medium term. Openings in the coming 12 months will expand the UK geographical footprint of the estate.

At the end of the period the Group operated 36 restaurants. Currently, the Group has 39 restaurants in operation - 6 DimTs, 32 Wildwoods and Wildwood Kitchens and 1 other.

Pre-opening costs and accounting adjustments

Pre-opening costs have been highlighted in the income statement as these costs represent revenue expenses, such as rent, rates and training costs, which are necessarily incurred in the period before a new unit is opened, but which are specific to the opening of that unit and not part of the Group's normal ongoing trading performance.

The Group recognises a number of charges in the accounts which arise under accounting rules which have no transactional cash impact. These charges include share based payments.

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 again for their hard work and effort.

Current Trading

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

Keith Lassman

Chairman

30 March 2015

Strategic report

Business review and key performance indicators

Revenue for the 52 week period increased 28% on last year to £29,734,000 (2013 - £23,192,000). Operating profit before pre-opening costs and non-operating items was £3,090,000 (2013 - £2,301,000). Pre-opening costs for the period totalled £360,000 (2013 - £259,000). The overall statutory pre-tax profit was £2,552,000 (2013 - £1,742,000).

The Directors utilise a large number of detailed performance indicators which are used to manage the business but, as with most businesses, the focus in the Income Statement at the top level is on sales, margins and overheads compared to budget and the previous year. In the balance sheet the focus is on managing working capital.

The Directors recognise the importance of customer relations and staff are extensively trained in this regard. Performance is monitored by reference to the results of regular mystery diner visits and staff bonuses are calculated with the results and comments arising from these visits and other customer feedback.

A further review of the business is included in the Chairman's Statement.

Principal uncertainties and risks

Economic conditions

There have been a number of encouraging signs regarding the UK economic outlook. However, there still remains a high level of uncertainty. Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. This risk is mitigated by the positioning of the Group's brands, which is within the affordable segment of the casual dining market. Continued focus on customer relations and targeted and adaptable marketing initiatives help the Group retain and drive sales where footfall declines.

Input cost inflation

The Group's key variable inputs are the cost of food and labour, both of which face inflationary pressures in the medium term. The Group monitors its food supply chain closely, regularly reviewing food costs and implementing a variety of strategies to mitigate the impact of increases. Labour cost pressures which are outside of the control of the Group, such as the recently introduced auto enrolment pension costs and minimum wage increases, are suffered by the Group and its competitors. However, labour costs are regularly monitored and on-going initiatives are used to reduce the impact of such pressures.

Strategic risks

The acquisition of suitable and well located quality sites in order to continue the Group's expansion is proving to be demanding. The Group has a strong and experienced property acquisition team with good relationships with external agents and advisers.

On behalf of the Board.

Jonny Plant
Joint Chief Executive Officer

30 March 2015

Consolidated statement of comprehensive income for the 52 weeks ended 28 December 2014

	2014 £'000	2013 £'000
Revenue	29,734	23,192
Cost of sales	(26,207)	(20,386)
Gross profit	3,527	2,806
Administrative costs	(901)	(944)
Operating profit excluding non-trading items and pre-opening costs	3,090	2,301
Pre-opening costs	(360)	(259)
Non-trading items	(104)	(180)
Operating profit	2,626	1,862
Finance income	9	14
Finance expense	(83)	(134)
Profit before tax	2,552	1,742
Income tax expense	(500)	(300)
Profit and total comprehensive income for the period attributable to shareholders	2,052	1,442
Earnings per share		
Basic	3.88p	2.95p
Diluted	3.83p	2.90p

Consolidated statement of changes in equity for the 52 weeks ended 28 December 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained deficit £'000	Total £'000
Balance at 30 December 2012	4,790	10,359	992	(3,794)	12,347
Issue of ordinary shares	503	2,958	-	-	3,461
Total comprehensive income for the period	-	-	-	1,442	1,442
Share based payments - credit to equity	-	-	-	195	195
Balance at 29 December 2013	5,293	13,317	992	(2,157)	17,445
Issue of ordinary shares	12	19	-	-	31
Total comprehensive income for the period	-	-	-	2,052	2,052
Share based payments - credit to equity	-	-	-	104	104
Balance at 28 December 2014	5,305	13,336	992	(1)	19,632

Consolidated balance sheet at 28 December 2014

	2014 £'000	2013 £'000
Non-current assets		
Intangible assets	444	446
Property, plant and equipment	20,391	15,384
Pre-paid operating lease charges	1,731	1,895
Other non-current assets	341	381
	22,907	18,106
Current assets		
Inventories	1,051	811
Trade and other receivables	1,801	1,350
Pre-paid operating lease charges	152	152
Cash and cash equivalents	2,044	3,407
	5,048	5,720
Total assets	27,955	23,826
Current liabilities		
Trade and other payables	(6,536)	(5,009)
Borrowings	(500)	(250)
	(7,036)	(5,259)
Non-current liabilities		

Provisions	(55)	(65)
Lease incentives	(367)	(192)
Deferred tax liability	(615)	(115)
Long-term borrowings	(250)	(750)
	(1,287)	(1,122)
Total liabilities	(8,323)	(6,381)
Total net assets	19,632	17,445
Equity		
Share capital	5,305	5,293
Share premium	13,336	13,317
Merger reserve	992	992
Retained deficit	(1)	(2,157)
Total equity	19,632	17,445

Consolidated cash flow statement for the 52 weeks ended 28 December 2014

	2014 £'000	2013 £'000
Operating activities		
Cash generated from operations	5,308	3,238
Corporation tax paid	-	-
Net cash inflow from operating activities	5,308	3,238
Investing activities		
Purchase of property, plant and equipment	(6,378)	(4,783)
Interest received	9	14
Net cash flows used in investing activities	(6,369)	(4,769)
Financing activities		
Net proceeds from issues of ordinary shares	31	3,461
Bank loan receipt	-	1,500
Bank loan repayment	(250)	(1,500)
Interest paid	(83)	(134)
Net cash flows used in financing activities	(302)	3,327
Net increase in cash and cash equivalents	(1,363)	1,796
Cash and cash equivalents as at 29 December 2013	3,407	1,611
Cash and cash equivalents as at 28 December 2014	2,044	3,407

Notes forming part of the financial statements for the 52 weeks ended 28 December 2014

1 Basis of consolidation

The financial information in these preliminary results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). 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 2013 Report and Accounts.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the 52 weeks ended 28 December 2014 or the 52 weeks ended 29 December 2013. Statutory accounts for the 52 weeks ended 28 December 2014 and the 52 weeks ended 29 December 2013 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 2013 have been filed with the Registrar of Companies. The statutory accounts for the 52 weeks ended 28 December 2014 will be delivered to the Registrar in due course.

2 Revenue

Revenue represents amounts received and receivable for goods and services provided (excluding value added tax) in the normal course of business. Revenue is recognised at the point goods and services are provided.

3 Operating profit

	2014 £'000	2013 £'000
This has been arrived at after charging		
Staff costs	10,691	8,115
Share based payments	104	195
Operating lease rentals	3,101	2,630
Amortisation of intangible assets	2	2
Depreciation	1,310	1,222
Amortisation of prepaid operating leases	164	213
Loss on disposal	61	83
Auditor remuneration:		
Audit fee - Parent Company	8	8
- Group financial statements	10	8
- Subsidiary undertaking	20	17
Other services - Taxation compliance	6	6
- Other taxation advisory	6	24

4 Finance expense

	2014 £'000	2013 £'000
Loan interest payable	83	134
	83	134

5 Employees

	2014 £'000	2013 £'000
Staff costs (including directors) consist of		
Wages and salaries	9,779	7,520
Social security costs	849	564
Other pension costs	63	31
Equity settled share based payment expense	104	195
	10,795	8,310

The average number of persons, including directors, employed by the Group during the period was 642, of which 634 were restaurant staff and 8 were administration staff, (2013 - 506 of which 498 were restaurant staff and 8 were administration staff).

Of the total staff costs £10,099,000 was classified as cost of sales (2013 - £7,566,000) and £788,000 as administrative expenses (2013 - £744,000).

6 Income tax expense

	2014 £'000	2013 £'000
UK Corporation tax		
Current tax on profits for the period	-	-
Total current tax	-	-
Deferred tax		
Utilisation of tax losses	(282)	(173)
Origination and reversal of temporary differences	(218)	(127)
Impact of change in future rate of taxation	-	-
Total deferred tax	(500)	(300)

Total income tax charge	(500)	(300)
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The tax charge for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2014	2013
	£'000	£'000
Profit before tax	2,552	1,742
Tax on profit at the ordinary rate of corporation tax in UK of 21.5% (2013 - 23.25%)	549	405
Effects of		
Expenses not deductible for tax	8	8
Depreciation on ineligible fixed assets	63	63
Utilisation of tax losses	(120)	(176)
Total tax charge	500	300

7 Earnings per share

	2014	2013
	pence	Pence
Basic earnings per ordinary share	3.88	2.95
Diluted earnings per ordinary share	3.83	2.90

	2014	2013
	Number	Number
	'000	'000

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

Weighted average ordinary shares (basic)	52,954	48,896
Weighted average ordinary shares (diluted)	53,616	49,734

	2014	2013
	£'000	£'000
Profit for the financial period	2,052	1,442

1,071,888 share options have been used when calculating the diluted EPS (2013 – 1,498,992). 2,021,785 share options have been excluded when calculating the diluted EPS as they were anti-dilutive (2013 – 95,000).

8 Dividend

No final dividend has been proposed by the Directors (2013 – nil).

9 Intangibles

	Trademarks £'000	Goodwill £'000	Total £'000
At 30 December 2012	7	441	448
Amortisation of trademarks	(2)	-	(2)
At 29 December 2013	5	441	446
Amortisation of trademarks	(2)	-	(2)
At 28 December 2014	3	441	444

The recoverable amount of goodwill has been determined on a value in use basis. This has been based on the performance of the units since they were acquired and management's forecasts, which assume the sites will perform at least as well as the market generally. The forecast cash flows are discounted at a rate of 10%.

10 Property, plant and equipment

	Leasehold improvements £'000	Furniture fixtures and computer equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 30 December 2012	11,777	4,363	136	16,276
Additions	3,299	1,161	323	4,783
Disposals	(37)	(142)	(25)	(204)
Transfers	89	47	(136)	-
At 29 December 2013	15,128	5,429	298	20,855
Additions	4,736	1,462	180	6,378
Disposals	(120)	(11)	-	(131)
Transfers	197	85	(282)	-
At 28 December 2014	19,941	6,965	196	27,102
Depreciation				
At 30 December 2012	2,902	1,583	-	4,485
Provided for the period	618	504	-	1,122
Disposals	(37)	(84)	-	(121)
Impairment reversal	(15)	-	-	(15)

At 29 December 2013	3,468	2,003	-	5,471
Provided for the period	748	562	-	1,310
Disposals	(62)	(8)	-	(70)
At 28 December 2014	4,154	2,557	-	6,711

Net book value				
At 28 December 2014	15,787	4,408	196	20,391
At 29 December 2013	11,660	3,426	298	15,384

11 Prepaid operating leases

	2014	2013
	£'000	£'000
Held within current assets	152	152
Held within non-current assets	1,731	1,895
	1,883	2,047

Prepaid operating leases represent lease premiums paid on the acquisition of sites, amortised evenly over the lease term.

12 Inventories

	2014	2013
	£'000	£'000
Raw materials and consumables	531	389
Crockery and utensils	520	422
	1,051	811

In the Directors' opinion there is no material difference between the replacement cost of stocks and the amounts stated above. Inventory purchased and recognised as an expense in the period is £7,145,000 (2013 - £5,242,000).

13 Trade and other receivables

	2014	2013
	£'000	£'000
Group		
Trade receivables	353	170
Prepayments and other receivables	1,789	1,561

Total trade and other receivables	2,142	1,731
Less non-current portion	(341)	(381)
	1,801	1,350

14 Trade and other payables

	2014	2013
	£'000	£'000
Trade payables	3,422	2,178
Taxation and social security	957	724
Accruals	1,803	1,845
Other payables	354	262
	6,536	5,009

15 Provisions

	2014	2013
	£'000	£'000
At 29 December 2013	65	75
Utilisation in period	(10)	(10)
At 28 December 2014	55	65

16 Deferred tax

	2014	2013
	£'000	£'000
At 29 December 2013	(115)	185
Profit and loss charge	(500)	(300)
	(615)	(115)
Accelerated capital allowances	(766)	(551)
Tax losses carried forward	151	436
At 28 December 2014	(615)	(115)

17 Borrowings

	2014	2013
	£'000	£'000
Current		

Secured bank borrowings	500	250
	500	250
Non-current		
Secured bank borrowings	250	750
	250	750
	750	1,000
Maturity of secured bank borrowings		
Due within one year	500	250
Due In more than one year but less than two years	250	500
Due In more than two years but less than five years	-	250
	750	1,000

Bank borrowings comprise of a term loan. The Group has an additional committed facility of £3,000,000 of which £nil was drawn down at the balance sheet date. There were no instances of default, including covenant terms, in either the current or prior period.

18 Share capital

	Number	£'000
Authorised, issued, called up and fully paid:		
At 30 December 2012	47,902,949	4,790
Exercise of share options	2,514,152	252
Share placement	2,510,000	251
At 29 December 2013	52,927,101	5,293
Exercise of share options	121,335	12
Share placement	-	-
At 28 December 2014	53,048,436	5,305

19 Reserves

Share capital comprises of the nominal value of the issued shares.

Share premium reserve is the amount subscribed in excess of the nominal value of shares net of issue costs.

Cumulative gains and losses recognised in the income statement are shown in the Retained deficit reserves, together with other items taken direct to equity.

The merger reserve is the difference between the nominal value of shares issued and the nominal value of shares acquired on merger.

20 Capital commitments

At the balance sheet date the Group and the Company had no capital commitments which were contracted but not provided for (2013 - £nil). Capital commitments relate to committed expenditure in respect of restaurants under construction.

21 Operating lease commitments

The total future value of minimum lease payments under non-cancellable operating leases are shown below. The receipts are from sub-tenants on contractual sub-leases, the net position represents the cash liability of the Group.

	2014 £'000	2013 £'000
Within one year: payments	3,016	2,756
Within one year: receipts	(230)	(230)
	2,786	2,526
Within two to five years: payments	12,663	10,953
Within two to five years: receipts	(920)	(920)
	11,743	10,033
Over five years: payments	40,759	31,500
Over five years: receipts	(4,086)	(4,086)
	36,673	27,414
	51,202	39,973

22 Pensions

The Group, last year, made contributions of £nil to the personal pension plan of the Directors. The total amount paid during the period was £nil. During the year the Group made contributions to employee pensions of £63,000 (2013 - £31,000).

23 Share based payments

	Weighted average exercise price (pence)	Number '000
At 30 December 2012	44.2	4,108
Exercised	44.6	(2,514)
At 29 December 2013	44.2	1,594
Exercised / cancelled	26.9	(522)
Granted	101.4	2,042
At 28 December 2014	80.6	3,114

The exercise price of options outstanding at the end of the period ranged between 18p and 112p (2013 - 18p and 87.5p) and their weighted average remaining contractual life was 8 years (2013 - 4 years).

Of the total number of options outstanding at the end of period 1,071,888 (2013 - 1,593,992) had vested and were exercisable at the end of the period.

The market price of the Company's ordinary shares as at 28 December 2014 was 112p and the range during the financial year was from 89p to 125p.

On 11 October 2013 the Company's subsidiary issued 1,800,000 'A' ordinary shares of £0.0001 each that carry rights enabling the holder of those 'A' ordinary shares to exchange such shares for ordinary shares in the Company subject to the share price of the Company remaining at or above £1.50 for fifteen consecutive days. 'A' ordinary shares convey similar rights to the holder as EMI options with an exercise price of £1.00 and have been valued as a share based payment with conditional performance options.

On 27 February 2014 the Company established a Company Share Option Plan ("CSOP") and issued 221,785 CSOP options with an exercise price of 112p and vesting period of 3 years.

In the current period 121,335 (2013 - 2,514,152) options were exercised. The weighted average share price at the date of exercise was 26.9p (2013 - 100p)