

Tasty plc

Chairman's statement

I am pleased to report on the Group's results for the 26 weeks ended on 1 July 2007.

Results

Revenue for the 26 weeks ended 1 July 2007 was £2,684,000 (2006 - £1,151,000), an increase of 133%. The loss before tax for the period was £137,000 (2006 - profit £90,000). Cost of sales, which include restaurant food and wages costs were £1,745,000 (2006 - £660,000) and total administration expenses which include all other overheads were £1,147,000 (2006 - £422,000).

This is the first set of reporting results prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal changes relate to the treatment of lease premiums, lease incentives and the impact of a change in basis for the calculation of deferred taxation. The overall impact of conversion on our profits has been set out and fully explained in the IFRS Conversion statement issued today. Given that these are changes in accounting policy only, there is no impact whatsoever on the operating fundamentals or the underlying cash flows within the business.

Under IFRS we are required to spread the benefit of any rent free periods at the start of a new lease over the full term of that lease. As a consequence the pre-opening costs to be accounted for in any year will be higher. For the 26 weeks ended 1 July 2007, those pre-opening costs amounted to £65,000 (2006 - £nil).

Basic and diluted (loss)/earnings per share for the period was 0.51p - loss (2006 - 0.31p - earnings).

Cash flows and financing

In May of this year the Group raised a further £3m through an institutional placing. During the period, we incurred capital expenditure of £2,806,000 (2006 - £464,000), predominantly on the fit-out of new restaurants. Overall, the net cash outflow prior to financing flows was £3,259,000 (2006 - £169,000) and as at 1 July 2007 the Group had net cash balances of £3,702,000 (2006 - £1,167,000).

Board appointment

I am delighted to take this opportunity to announce that Jo Fleet has accepted our invitation to join the Board as Executive Director with immediate effect. Jo has had a long career in catering and only recently left her position as Chief Executive of ASK Restaurants. Jo has been granted 500,000 share options.

Outlook

During the first six months of 2007, we opened one new restaurant bringing the number of restaurants at the period end to seven. Since then we have had a successful opening in Maidstone and we continue to perform in line with our expectations, with the exception of our restaurant in Nottingham. By the end of the calendar year we expect to have opened a further two restaurants. Our central kitchen in Park Royal is now fully operational with sufficient capacity to cope with our expansion for the foreseeable future.

K Lassman
Chairman
Tasty plc

28 September 2007

Consolidated Income Statement

	26 weeks ended 1 July 2007	26 weeks ended 2 July 2006	Year ended 31 December 2006 (restated) Audited £000
	Unaudited £000	Unaudited £000	
Revenue	2,684	1,151	2,676
Cost of sales	<u>(1,745)</u>	<u>(660)</u>	<u>(1,598)</u>
Gross profit	939	491	1,078
Administrative expenses			
Exceptional flotation expenses	-	-	(118)
Share based payments	(8)	-	(136)
Other administrative expenses	<u>(1,139)</u>	<u>(422)</u>	<u>(1,153)</u>
Total administrative expenses	<u>(1,147)</u>	<u>(422)</u>	<u>(1,407)</u>
Operating (loss)/profit	(208)	69	(329)
Finance income	<u>71</u>	<u>21</u>	<u>77</u>
(Loss)/Profit on ordinary activities before taxation	(137)	90	(252)
Income tax expense	<u>-</u>	<u>(29)</u>	<u>21</u>
(Loss)/Profit on ordinary activities after taxation attributable to equity shareholders	<u>(137)</u>	<u>61</u>	<u>(231)</u>
(Loss)/Earnings per share – basic and diluted	(0.51p)	0.31p	(1.14p)

Statement of Changes in Equity

	26 weeks ended 1 July 2007	26 weeks ended 2 July 2006	Year ended 31 December 2006 (restated) Audited £000
(Loss)/profit for the period	(137)	61	(231)
Total income and expense for the period	(137)	61	(231)
New capital subscribed	2,958	106	4,391
Share-based payments – credit to equity	8	-	186
Merger reserve	-	-	106
Total change in equity	2,829	167	4,452
Opening equity	6,800	2,348	2,348
Closing equity	9,629	2,515	6,800

Consolidated Balance Sheet

	1 July 2007 Unaudited £000	2 July 2006 (restated) Unaudited £000	31 December 2006 (restated) Audited £000
Non-current assets			
Intangibles	10	-	7
Property, plant and equipment	4,850	1,398	3,193
Pre-paid operating lease charges	1,229	137	311
Deferred tax asset	116	60	116
Rent deposits	197	123	197
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	6,402	1,718	3,824
Current assets			
Inventories	105	25	82
Trade and other receivables	792	304	318
Cash and cash equivalents	3,702	1,167	4,003
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	4,599	1,496	4,403
	<hr/>	<hr/>	<hr/>
Total assets	11,001	3,214	8,227
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Current liabilities			
Trade and other payables	(1,234)	(699)	(1,356)
Non current liabilities			
Accruals and deferred income	(138)	-	(71)
Total liabilities	(1,372)	(699)	(1,427)
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Net assets	9,629	2,515	6,800
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Capital & reserves attributable to equity shareholders			
Share capital	2,874	2,774	2,601
Share premium	6,417	159	3,732
Share option reserve	194	-	186
Merger reserve	992	-	992
Retained earnings	(848)	(418)	(711)
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Capital & reserves	9,629	2,515	6,800
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Consolidated Cash Flow

	26 weeks ended 1 July 2007 Unaudited £000	26 weeks ended 2 July 2006 Unaudited £000	Year ended 31 December 2006 Audited £000
Net cash inflow from operating activities			
(Loss)/profit before taxation	(137)	90	(252)
Finance income	(71)	(21)	(77)
Depreciation & amortisation	228	40	111
Share based payment charge	8	-	136
Share based payment charge included in exceptional flotation expenses	-	-	16
Movement in working capital	(552)	165	528
Corporation tax paid	-	-	(6)
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Net cash (outflow)/inflow from operating activities	(524)	274	456
Cash outflow from investing activities			
Finance income	71	21	77
Payments to acquire property, plant and equipment	(2,806)	(464)	(2,518)
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Net cash outflow from investment activities	(3,259)	(169)	(1,985)
Net cash inflow from financing			
Issue of share capital	2,958	106	4,531
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Net (decrease)/increase in cash and cash equivalents	(301)	(63)	2,546
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Notes to the financial statements

1 General information

Tasty plc ("Tasty") is a public limited company ("the Group") incorporated in the United Kingdom under the Companies Act 1985 (registration number 5826464). The Company is domiciled in the United Kingdom and its registered address is 19 Cavendish Square London W1A 2AW. The Company's ordinary shares are traded on the Alternative Investment Market ("AIM"). Copies of this Interim Report or the Annual Report and Accounts 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

Tasty plc ("Tasty") has historically prepared its accounts under UK General Accepted Accounting Practice (UK GAAP), however, as required by AIM rules, Tasty will in future prepare its results under International Financial Reporting Standards and International Financial Reporting Council "IFRIC" interpretations as adopted by the European Union ("IFRS"). Tasty has adopted IFRS with effect from 1 January 2007. The Group will apply IFRS in its financial statements in its Annual Report for the 52 weeks ending 30 December 2007. Therefore, these interim statements for the 26 weeks ended 1 July 2007 are prepared using accounting policies in accordance with IFRS that are expected to be applicable to the financial statements for the 52 weeks ending 30 December 2007.

These standards remain subject to ongoing amendment and/or interpretation and are, therefore, still subject to change. Accordingly, information contained in these interim financial statements may need to be updated for subsequent amendments to IFRS required for first time adoption or for new standards issued after the balance sheet date.

The basis of preparation and accounting policies followed in the Interim Report differ from those set out in the Annual Report and Accounts for the year ended 31 December 2006, which were prepared in accordance with UK GAAP. As permitted this report has not been prepared in accordance with IAS34 "Interim Financial Reporting".

A detailed explanation of the impact of the transition from UK GAAP to IFRS, setting out the restatement of the comparatives for the 26 weeks ended 2 July 2006 and the year ended 31 December 2006, has been provided in a Statement of Conversion issued to the Stock Exchange today. Details of the significant accounting policies used in the preparation of the Group's reported results under IFRS and, therefore, applied in the preparation of this Interim Report were also provided within the Statement of Conversion. Copies of the Statement of Conversion are available on the investor relations section of the Group's website (www.dimt.co.uk) or from the Company Secretary.

This statement does not comprise statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the year to 31 December 2006 is a restated extract from the latest Group accounts, amended as required on transition to IFRS. Statutory financial statements for the year ended 31 December 2006, prepared in accordance with UK GAAP, on which the auditors gave an unqualified opinion, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not include a statement under section 237 (2) or (3) of the Companies Act 1985, have been filed with the Registrar of Companies. The results for the 26 weeks to 1 July 2007 and 2 July 2006 are unaudited.

The 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. The merger method of accounting is used to consolidate the results of the subsidiary undertaking. The merger of the two companies took place on 26 June 2006. The shares issued are recorded in the Group's balance sheet at nominal value together with the amount of any additional consideration. In the Group accounts the subsidiary undertaking is treated as if it had always been a member of the Group. In the year it joined the Group, its results are included for the whole period.

Costs totalling £145,121, which relate to pre-opening expenditure, have been included in the accounts for the period ended 1 July 2007.

3 Income tax expense

The taxation charge for the 26 weeks ended 1 July 2007 has been calculated by applying the estimated effective tax rate for the 52 weeks ending 31 December 2007

	unaudited	unaudited	(restated)
	26 weeks to 1 July 2007 £'000	26 weeks to 2 July 2006 £'000	52 weeks to 31 December 2006 £'000
UK corporation tax			
Current tax_credit on profits for the period	000	(6)	-
Deferred taxation			
Increase in recoverable deferred tax asset	000	35	21
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Decrease/(increase) in deferred tax	000	35	(21)
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Total income tax expense	000	29	(21)
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4 **Earnings per share**

	unaudited	unaudited	(restated)
	26 weeks to 1 July 2007 Pence	26 weeks to 2 July 2006 Pence	52 weeks to 31 December 2006 Pence
Basic earnings per share	(0.51)	0.31	(1.14)

Basic and diluted earnings per share are the same as there is no dilution.

Earnings per share has been calculated using the numbers shown below:-

	unaudited	unaudited	(restated)
	26 weeks to 1 July 2007 £'000	26 weeks to 2 July 2006 £'000	52 weeks to 31 December 2006 £'000
(Loss)/Profit for the period	(137)	61	(231)
	Number	Number	Number
Weighted average number of ordinary shares in issue	26,581	19,420	20,221