

THE FULHAM SHORE PLC
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THE FULHAM SHORE PLC
BACKGROUND AND HIGHLIGHTS
for the year ended 26 March 2017

Background

The Fulham Shore PLC (the “Company” or “Fulham Shore”) was incorporated in March 2012 to take advantage of a number of potentially attractive investment opportunities within the restaurant and food service sectors in the UK.

The Directors believe that, given their collective experience in the restaurant and food service sectors, they can take advantage of the opportunities which exist in these sectors and create a profitable and sustainable business.

The ordinary shares of the Company were admitted to trading on AIM in October 2014 in order to capitalise on such opportunities.

Fulham Shore currently operates 53 restaurants: 14 The Real Greek (www.therealgreek.com); 38 Franco Manca (www.francomanca.co.uk); and 1 Bukowski Grill.

Highlights

- Revenues for the year ended 26 March 2017 of £41,274,000 (2016: £29,251,000)
- Headline EBITDA for the year ended 26 March 2017 of £7,118,000 (2016: £5,232,000)
- Headline Operating Profit for the year ended 26 March 2017 of £4,670,000 (2016: £3,280,000)
- Operating Profit for the year ended 26 March 2017 of £1,278,000 (2016: £507,000)
- Profit after taxation for the year ended 26 March 2017 of £969,000 (2016: £76,000)
- Net debt as at 26 March 2017 of £5,909,000 (27 March 2016: £3,283,000)
- Opened 13 new Franco Manca pizzeria and 3 new The Real Greek during the year ended 26 March 2017 (2016: 7 Franco Manca pizzeria and 1 The Real Greek)
- Launched click and collect takeaway service in both Franco Manca and The Real Greek
- Since the year end:
 - the opening of a further 6 Franco Manca restaurants in the UK;
 - the opening of the first franchised Franco Manca pizzeria in Salina; and
 - the opening of a further 2 The Real Greek restaurants.

Introduction

Fulham Shore delivered a continued strong performance in the financial year ended 26 March 2017 with further growth across both of the Group's key brands. As a result, we are pleased to report a 41.1% increase in revenue to £41.3m, a 36.0% increase in Headline EBITDA to £7.1m and a 170.4% increase in profit before taxation to £1.1m.

We see the financial success of this year as a sound base upon which to build the expansion of Franco Manca, The Real Greek and the Group over the coming years.

Strategic vision and progress

Fulham Shore was established in 2012 to discover, develop and expand one or more restaurant concepts with significant growth potential in the dynamic UK dining out market.

To date we have identified and are developing two great restaurant brands. The first is Franco Manca, which was started in Brixton, London in 2009 by Giuseppe Mascoli. This brand has experienced strong growth since it was acquired by the Group in 2015 and we are now expanding outside London by opening and looking for new sites in cities such as Bristol, Oxford, Cambridge and Edinburgh.

The second brand that has great prospects is The Real Greek. As we expand outside London, these new The Real Greek restaurants are performing as well if not better than a number of their London siblings.

Both of these brands are very popular with customers and their food receives critical and social media acclaim. Both brands have scalable business models that combine great quality, high volumes and good value price points (typically £9 to £15 per head).

The Group's strategy is aimed at the long-term development of these brands and, by achieving their nationwide potential, we aim to deliver long term, sustainable returns for our shareholders.

The UK restaurant market

I have been in the restaurant industry since 1976 and, during that time, the UK 'eating out-of-home' market has grown and continues to grow significantly. Nabil Mankarious, our Managing Director, has been operating UK restaurants since 1986, so we have both witnessed the expansion of the 'eating out-of-home' market and the UK restaurant industry.

Recent years have seen unprecedented amounts of capital invested in the UK restaurant sector and, in recent months, more restaurant space has appeared on the market than for many a year. This is largely a function of larger businesses trying to sell poor performing locations, newly created developments and administrators selling sites for broken companies.

Restaurant supply and demand often have a fractious relationship and, however quickly demand for eating out grows, there will always be a risk that restaurant supply may sometimes grow faster, either nationally or locally. In addition, we are entering a difficult forecasting period due to Brexit. Against this backdrop, some restaurant businesses will make the grade and others will not. We believe that operators with "me-too" offerings, over-rented sites, tails of unprofitable sites, dated menus, too much debt, poor concepts and unincorporated staff (or all of the above) will struggle.

However, I am confident that Fulham Shore is well placed as a dynamic operator with strong brands and a good portfolio of sites. We believe that our businesses have significant growth potential across the UK underpinned, first and foremost, by the quality and value of their customer offerings. As a result, and despite the challenging backdrop, we are confident that the Group will continue to perform well in the fast-growing casual dining market.

Franco Manca – growth

Since acquiring Franco Manca in 2015, we have more than trebled the number of our pizzeria in the UK from 12 to 38 (32 at the year-end). This has resulted in growing to serving over 60,000 pizzas per week, up from 25,000 just over two years ago.

Core to the success and appeal of the Franco Manca brand is its continued emphasis on ingredients with proven provenance. We continue to source from the best UK and Italian producers and purchase organic ingredients wherever possible. It is more important than ever to know your suppliers personally in these uncertain times and we pride ourselves on such relationships.

Franco Manca further strengthened its ties with Italy by joining its founder, Giuseppe Mascoli, in opening a seasonal Franco Manca pizzeria by the sea, located on the island of Salina, north of Sicily, since the year end.

Franco Manca's growth to date has primarily been in London where we have focused on establishing the positive reputation of this young brand's business. We have been building Franco Manca's awareness by expanding in London 'villages' (e.g. in Richmond, Hackney and Bermondsey) but we also opened new restaurants in close proximity to established Franco Manca pizzeria, thereby strengthening the brand and giving customers their own local Franco Manca. Whilst this can have a near term impact on sales in the original pizzeria, we are confident that the increased brand recognition and the business the new restaurants generate will benefit overall sales in the longer term.

We know from past experience that sales at the original pizzeria gravitate back to original levels after a period of time and this is demonstrated by the continued strong performances of the 12 Franco Manca pizzeria that the Group originally acquired in 2015.

In London, where the quality of our sourdough pizzas and great value prices are well known, our new pizzeria are busy straight away. However, as we open in other towns and cities throughout the UK, we expect that sales are more likely to build to capacity over the first three or four years of each restaurant's life as the Franco Manca brand becomes better known regionally.

We are encouraged by our expansion outside of London so far, in particular the openings in central Brighton and Reading, which are serving more customers per week than our average London pizzeria. This gives us confidence that the Franco Manca concept will continue to grow and flourish outside of the capital.

The Real Greek – growth

The Real Greek has delivered steady growth over recent years, generating good profits to support both its own expansion and that of the Group. The Real Greek presents an exciting opportunity for Fulham Shore as it shapes and defines the market for Greek food: it has little direct competition, serving delicious, good value sharing dishes and enjoying a very loyal customer base.

The brand's good performance and the availability of good sites encouraged us to open three new restaurants in the last year (including our first, smaller, Greek on the Street concept) which was more than we had originally planned. As a result, as at the year-end we operated 12 The Real Greek restaurants, with a further two opening since the year end, taking the total to 14.

During the year, we opened The Real Greek in three towns outside of London in Southampton, Bournemouth and Reading. We are encouraged by their performances so far. Our recent opening in Bournemouth, combining a great location, a beautiful restaurant with a large outside terrace and all a short walk from the sea, deserves special mention as it recorded an exceptional 3,000 customers in its first week.

On-line

We continue to see growth in the sales of take out, delivery and ordering on-line. Both The Real Greek and Franco Manca offer these services to our customers. 'Click and collect', where customers order on-line and then collect their order themselves from the restaurant, is proving particularly popular at the moment.

Investment

We continue to invest in our central functions, teams and infrastructure to support the long term growth potential of the Group. We will continue to add to the Franco Manca support team structure and, as we

approach and pass 50 pizzeria, we are increasing the use of central commissaries to bring further efficiencies to the business and consistency.

We have seen excellent results from our new The Real Greek openings and we are looking to step up our opening programme from March 2019 onwards. We will, as we have at Franco Manca, bolster The Real Greek's central team over the next 18 months to support this increased pace of growth.

People and team

One of the Group's greatest attributes is our fantastic team of people across the business who bring amazing passion, skill and personality to our brands. I would like to thank each of my colleagues for their hard work during the year.

At every stage of the Group's development we have encouraged employees at all levels, from Directors to restaurant staff, to participate as shareholders by gifting shares and granting share options. We feel this employee ownership approach is crucial to supporting and developing a strong culture that is at the heart of a growing and successful restaurant business.

Current trading and outlook

Both Franco Manca and The Real Greek have performed well over the last year. We believe we will see this continuing, underpinned by great ambience, food quality and value of their customer offerings. We will be reviewing the progress of our third business, which is a single franchise of the Bukowski Grill brand in Soho, over the next few months.

We believe that both of our key brands have significant further growth potential. We have a pipeline of locations where we would like to open either or both The Real Greek and/or a Franco Manca. We anticipate opening approximately 15 new locations in the current financial year.

However, much of this will depend on our ability to secure sites that meet our return on capital criteria. This is critical to our success and we will not open new sites just to chase expansion numbers. We believe it is far better to wait for the right sites at the right rents than to chase short term targets.

Trading during the current financial year has so far remained in line with our expectations. However, there are many uncertainties out there: another General Election would be unhelpful, terrorist incidents have always reduced London public confidence (and therefore restaurant visits) and the long-term Brexit impact is unknown; it is, however, already affecting the availability of skilled European restaurant staff. In addition, food costs are currently on the increase and there is some evidence of reducing consumer expenditure.

Despite this, the UK dining out market continues to grow and as a nimble and agile operator with great restaurant brands we are confident of another year of good progress.

DM Page
Chairman

11 July 2017

THE FULHAM SHORE PLC
STRATEGIC REPORT – FINANCIAL REVIEW

Fulham Shore performed strongly in the year ended 26 March 2017, summarised in the table below:

	Year ended 26 March 2017 £m	Year ended 27 March 2016 £m	Change %
Revenue	41.3	29.2	+41.1%
Headline EBITDA	7.1	5.2	+36.0%
Headline operating profit	4.7	3.3	+42.4%
Operating profit	1.3	0.5	+152.7%
Profit before taxation	1.1	0.4	+170.4%
Profit for the year	1.0	0.1	
Diluted earnings per share	0.2p	0.0p	
Headline diluted earnings per share	0.7p	0.4p	+50.8%
Cash flow from operating activities	10.3	3.7	176.3%
Development capital expenditure	12.4	7.1	+75.5%
Net Debt	5.9	3.3	+80.0%
	<u> </u>	<u> </u>	<u> </u>
Number of restaurants operated	No.	No.	
Franco Manca	32	19	+68.4%
The Real Greek	12	9	+33.3%
Bukowski	1	1	–
	<u> </u>	<u> </u>	<u> </u>
	45	29	+55.2%

Total Group revenue grew by 41.1%, driven mainly by new openings within the UK during the year. We opened 3 The Real Greek and 13 Franco Manca pizzeria, taking the total restaurants operated by the Group to 45 (2016: 29) at year end.

Group Headline EBITDA for the year was £7.1m, an increase of 36.0% on the prior year while operating profit grew 152.7% to £1.3m. During the year, the Group invested in a broader management team in Franco Manca to support the opening program. With our new openings, we have invested over £1.9m (2016: £0.9m) in pre-opening costs.

Group operating profit for the year was £1.3m, up from £0.5m. Finance costs have increased 53.4% to £0.1m as the Group drew down on its revolving credit facilities to support the increased opening program for both Franco Manca and The Real Greek.

The Group's tax rate has reduced significantly to 15.3% of profit before tax due to our work on capital allowances on the capital expenditure over the past two years. This is expected to return to normal levels in the coming year.

Our diluted earnings per share has increased from 0.0p to 0.2p while Headline diluted earnings per share has increased by 50.8% to 0.7p.

Cost Inflation

During the year, the weakness of Sterling against the Euro and the US Dollar following the Brexit vote, has put pressure on food cost inflation. Where possible we have benefited from additional volume discounts due to our significant opening program which has helped to mitigate some of the cost pressures.

We also saw the implementation of the government's National Living Wage for over 25 year old employees at the beginning of the financial year. However all our businesses have chosen to treat all staff members the same irrespective of age.

Our other two material cost items are rent and utility costs. Rental inflation continues to increase modestly. Utility cost inflation continues to be volatile as wholesale cost of energy has been impacted by the movement of sterling and global economic adjustments.

Cash flows and balance sheets

The Group's cash flow from operating activities has grown 176.3% to £10.3m (2016: £3.7m).

We invested £12.4m (2016: £7.1m) in development capital including investment in IT systems to deliver the online Click and Collect takeaway service in both Franco Manca and The Real Greek.

Resultant net debt from our activities at 26 March 2017 was £5.9m (2016: £3.3m).

At the year end, we took advantage of short term supplier trading credit facilities as we had several restaurants in build around year end. These are expected to reverse in the coming year.

Financing

Following our year end, the Group has secured an amended revolving credit facility with our bankers, HSBC Bank PLC, increasing the facilities to £14.25m and extending for a term of four years. At the same time our overdraft facilities were increased to £0.75m. The new facilities are on similar terms as our previous facilities and, alongside internally generated cash flow, will support our existing planned opening programme for the next three years.

People

During the year, the Group's operations were entirely within the UK. With our opening program, the Group created over 350 new jobs during the year. We continue to invest in our staff through training, incentives and personal development.

Principal risks and uncertainties

The Directors consider the following to be the principal risks faced by the Group:

Economic conditions

The Group's performance depends to a large degree on the economic conditions and consumer confidence in the UK. Over recent months, the UK economy has seen reducing levels of unemployment but weaker consumer spending. However, there continue to be rapid changes to the UK economy, with the result of the EU Referendum creating considerable political and economic uncertainty. The Group's existing restaurants offer an exceptional customer value experience which the Directors believe positions the business well in dealing with continued volatility in the UK economy.

Development programme

The Group's development programme is dependent on securing the requisite number of new properties. The UK restaurant property market is competitive. To mitigate these issues, the Group has an experienced property team concentrating on securing new sites for the Group.

Supply chain

The Group focuses on the freshness and quality of the produce used in its restaurants. It is exposed to potential supply chain disruptions due to the delay or losses of inventory in transit. The Group seeks to mitigate this risk through effective supplier selection and an appropriate back-up supply chain.

Employees

The Group's performance depends largely on its management team and its restaurant teams. The inability to recruit people with the right experience and skills could adversely affect the Group's results. The result of the EU Referendum has created considerable uncertainty of immigration status of EU nationals. To mitigate these issues the Group has invested in its human resources teams and has implemented a number of incentive schemes designed to retain key individuals.

Competition

The Group operates in a competitive and fragmented market which regularly sees new concepts come to the market. However, the Directors believe that the strength of the existing restaurant brands, value offer and constant strive towards delivering the best product and service will help the business to mitigate competitive risk.

Investment programme

The Group's investment programme is dependent on securing suitable acquisition targets.

Cyber security

The Group has introduced online click and collect service during the year which relies on online systems that may experience cyber security failure leading to loss of revenue or reputation loss. The Group utilises robust supplier selection processes and third party reviews and testing on a regular basis to identify weaknesses and improve on existing protection and processes.

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

Financial risk management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. The Group does not use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk. The Group does not trade in financial instruments. Group operations are primarily financed from equity funds raised, bank borrowings and retained earnings. In addition to the financial instruments described above, the Group also has other financial instruments such as receivables, trade payables and accruals that arise directly from the Group's operations. Further information is provided in note 15 to the financial statements.

Key performance indicators

The Board receives a range of management information delivered in a timely fashion. The principal measures of progress, both financial and non-financial, that are reviewed on a regular basis to monitor the development of the Company and the Group are shown in the table at the beginning of this section.

Approved on behalf of the board of directors.

NCW Wong
Finance Director

11 July 2017

THE FULHAM SHORE PLC

BOARD OF DIRECTORS

The Directors of The Fulham Shore PLC are:

David Page – *Chairman*

David trained as both a cartographer and a teacher. He was the owner and managing director of the largest PizzaExpress franchisee organisation – the G&F Group – from 1973 to 1993. The flotation of PizzaExpress PLC took place in 1993. David was chief executive of PizzaExpress and then chairman until it was acquired by a private equity house in 2002. Following the sale of PizzaExpress in 2003, David founded and was chairman of The Clapham House Group PLC from 2003 to 2010, the owner of Gourmet Burger Kitchen (“GBK”) and Bombay Bicycle Club. David’s investment portfolio in the sector includes shareholdings in a range of restaurants, including: Rocca di Papa, Bukowski, MEATliquor and Chillbox.

Nabil Mankarious – *Managing Director*

Nabil came to the United Kingdom from Alexandria, Egypt in 1986 to study medicine. Whilst a student, he started work in the kitchen of a PizzaExpress restaurant and rose through the ranks to become Regional Director for PizzaExpress London in 2001. From 2006 until 2011, Nabil was head of Group Purchasing at The Clapham House Group PLC and head of operations at GBK, its largest subsidiary company.

Nicholas Donaldson – *Director and Company Secretary*

Nick, a barrister by profession, has spent the majority of his career in the corporate finance field. Nick worked as Head of Corporate Finance and M&A at Credit Lyonnais Securities from 1996 until 2000. Thereafter he was Head of Investment Banking in Europe for Robert W. Baird and subsequently Head of Corporate Finance at Arbuthnot Securities. Nick has spent the majority of his career providing strategic advice to companies in a range of sectors, including the restaurant sector. Nick is chairman of AIM quoted DP Poland PLC and an independent director of the fully listed Games Workshop Group PLC. He was a co-founder of The Clapham House Group PLC, which was the subject of a recommended takeover in 2010.

Nicholas Wong – *Finance Director*

Nick qualified as a chartered accountant with Baker Tilly and specialised, pre and post qualification in corporate finance. From 2005 to 2013, Nick was the Group Finance Director and Company Secretary of The Clapham House Group PLC and worked on the acquisitions of several restaurant businesses including GBK, the disposals of several restaurant businesses and the recommended takeover of The Clapham House Group PLC in 2010. During this time GBK grew from 6 to over 60 restaurants in the UK and over 10 internationally. Nick also looked after the IT and online strategy of various restaurant businesses, introducing numerous loyalty and social media systems into the business.

Martin Chapman – *Non-executive Director*

In November 2012, Martin exercised his option to take early retirement after a 38 year career with HSBC Bank plc. For the 10 years prior to his retirement, Martin held the position of Head of Corporate Banking for HSBC’s largest Corporate Banking team based in the West End of London. In addition to managing and leading a large team of senior managers, Martin had ultimate responsibility for managing the Bank’s relationship with a substantial number of corporate customers covering almost all industry sectors and included a substantial number of publicly quoted companies. As well as the general mid market corporate business, Martin was also responsible for the Bank’s Corporate Real Estate business for Southern England as well the Bank’s Corporate Hotel business for the whole of the UK. Martin has spent the majority of his career in Corporate Banking where he has gained considerable experience in leading strategic discussion with management teams/shareholders and stakeholders in exploring debt financing options and Capital Market solutions for supporting growth, whether organically or by way of acquisition or merger activities. Martin is also a Non Executive Director of Weston Group plc, Senior Advisor to MXC Capital Limited and a Consultant with The Erith Group.

Desmond Gunewardena – *Non-executive Director*

Des qualified as a chartered accountant at Ernst & Young and was responsible for financial planning at property conglomerate Heron International during the mid-80’s. In 1991 he joined design entrepreneur Sir Terence Conran as his business partner and CEO. During their 15 year period together Terence and Des built Conran from a small design company into a global restaurant, retail, hotel and design

THE FULHAM SHORE PLC
BOARD OF DIRECTORS

company employing 2000 staff in the major cities of the world. In 2006 Des, as its Chairman and CEO led a buyout of Conran Restaurants (now renamed D&D London) a luxury restaurant group that owns and operates over 30 venues in London, Leeds, Paris, New York and Tokyo. D&D also owns South Place, an 80 bedroom luxury hotel in the City of London. Des is a non-executive director of business lobby group London First and has previously held non-executive directorships of publicly listed restaurant and design companies. For a number of years Des has been listed as one the Evening Standard's Top 1000 most influential Londoners and in 2013 was shortlisted as EY's London Entrepreneur of the year.

THE FULHAM SHORE PLC

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on the affairs of the Group together with the audited financial statements for the period ended 26 March 2017.

Principal activity

The principal activity of the Group and Company is the operation and management of restaurants.

Review of the business and future developments

Information about the progress of the business and the Group's corporate activities is given in the Chairman's Statement on pages 3 to 5 and the Financial Review on pages 6 to 8.

Matters of strategic importance

The business review and future outlook, key performance indicators, principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006.

Results and dividends

Revenue for the year ended 26 March 2017 was £41,274,000 (2016: £29,251,000), Headline Operating Profit for the same period was £4,670,000 (2016: £3,280,000) and Operating Profit for the same period was £1,278,000 (2016: £507,000).

No final dividend is being proposed by the Board. It remains the Board's policy that, subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and prudent to do so.

Directors

The following Directors of the Company have held office since 28 March 2016:

DM Page
NAG Mankarious
NJ Donaldson
NCW Wong
MA Chapman
DAL Gunewardena (appointed 26 September 2016)

The Directors at the date of this report, together with their biographical details, are set out on pages 9 and 10.

At the 2017 Annual General Meeting, in accordance with the Company's Articles of Association, Mr MA Chapman and Mr NCW Wong will retire. Being eligible, and with the Board's recommendation, they will offer themselves for re-election.

THE FULHAM SHORE PLC
DIRECTORS' REPORT

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, were as follows:

Director	As at 26 March 2017		As at 27 March 2016	
	<i>Ordinary shares of 1p each</i>	%	<i>Ordinary shares of 1p each</i>	%
DM Page	81,039,331	14.18%	83,992,731	14.76%
NAG Mankarious	112,800,434	19.74%	111,759,893	19.63%
NJ Donaldson	13,044,337	2.28%	13,044,337	2.29%
NCW Wong	8,750,593	1.53%	8,750,593	1.54%
MA Chapman	766,818	0.13%	766,818	0.13%
DAL Gunewardena*	454,545	0.08%	–	–%

* appointed during the year.

Details of the Directors' interests in share options during the year are disclosed in the Report on Directors' Remuneration on pages 17 to 20.

Directors' liability insurance and indemnity

The Group has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Group also indemnifies the Directors. These provisions were in force throughout the year and in force at the date of this report.

Substantial shareholders

The Directors' interests in the shares of the Company have been disclosed above. On 11 July 2017, the Company had been notified of the following interests in the ordinary share capital of the Company:

	As at 11 July 2017	
	<i>Ordinary shares of 1p each</i>	%
NAG Mankarious	112,800,434	19.74%
S Wasif	84,870,414	14.85%
DM Page	81,039,331	14.18%
G Mascoli	28,537,246	4.99%
P Solari	22,670,250	3.97%
D Sykes	17,767,709	3.11%
J & K Akhtar	17,155,836	3.00%

No other person has reported an interest of more than 3% in the ordinary shares.

Employment policy

The Group's policies respect the individual regardless of gender, age, race or religion. Where reasonable and practical under existing legislation, all persons, including disabled persons, have been treated fairly and consistently, including matters relating to employment, training and career development.

The Group takes a positive view of employee communication and has established and maintains systems for employee consultation, feedback and communication of developments in each business and as a Group. The Group operates employee share schemes and a number of profit-related pay schemes as a means of further encouraging the involvement of employees in the Group's performance.

Corporate governance

The UK Corporate Governance Code is not mandatory for companies traded on the AIM Market. However, the Board of The Fulham Shore PLC recognises the importance of sound corporate governance. The Group intends to comply with the QCA Guidelines so far as is practicable and appropriate for a public Group of its size and nature. As the Group grows, the Directors intend that the Group should develop policies and procedures which reflect the principles of good governance and other requirements set out in the UK Corporate Governance Code, to the extent that they are appropriate to the size and nature of the Group.

The Company has established audit and remuneration committees of the Board with formally delegated duties and responsibilities.

The Audit Committee

The Audit Committee comprises DAL Gunewardena, who will act as chairman of the Audit Committee, MA Chapman, NJ Donaldson and NCW Wong. A quorum shall be two members of the Audit Committee. The Audit Committee will meet at least twice a year and at such other times as the chairman of the Audit Committee shall deem necessary. The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place.

Remuneration Committee

The Remuneration Committee comprises of MA Chapman, who will act as chairman of the Remuneration Committee, DAL Gunewardena and DM Page. A quorum shall be two members of the Remuneration Committee. The Remuneration Committee will meet at such times as the chairman of the Remuneration Committee or the Board deem necessary. The Remuneration Committee shall determine and review the terms and conditions of service of the executive directors and the non-executive directors. The Remuneration Committee will also review the terms and conditions of any proposed share incentive plans, to be approved by the Board and the Company's shareholders.

Independence of the Auditor

The Audit Committee undertakes a formal assessment of the auditor's independence each year which will include:

- a review of non-audit services provided to the Group and related fees;
- discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 2 to the financial statements.

Political and charitable contributions

During the year ended 26 March 2017 the Group made no political contributions (2016: £Nil). The Group made charitable donations during the year ended 26 March 2017 by contributing following:

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Action Against Hunger	12	13
Aeolian Island Preservation Fund	19	–
The British Red Cross Society (Italian Earthquake Appeal)	6	–
Other local charities and good causes	2	1
	<u>39</u>	<u>14</u>

Annual general meeting

On pages 68 to 69 is a notice convening the annual general meeting of the Company for 6 September 2017 and the notice sets out the resolutions to be proposed at that meeting. The Board believes that the proposed resolutions to be put to the annual general meeting to be held on 6 September 2017 are in the best interests of shareholders and, accordingly, recommends that shareholders vote in favour of the resolutions.

Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that as far as they are aware, there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Going concern

The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 8. In addition, note 15 to the financial statements includes the company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Group's net current liabilities position at the year end is due mainly to the slightly higher level of build activities at year end for sites opening around and just after the year end as well as the availability of supplier credit terms on day to day purchasing. Net current liabilities can be covered by utilising long term borrowing facilities which were extended following the year end.

The Directors have reviewed the Group's net current liabilities position, the budget and forecasts, other longer term plans and the financial resources and the extended facilities post year end (see note 24) available to deal with the business risks of the Company and the Group. The Directors feel well placed to manage the business risks successfully within the present financial arrangements.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent Events

On 31 March 2017, the Group amended and restated its revolving credit facility agreement of £6,000,000 with HSBC Bank PLC by increasing the facilities to £14,250,000 and extending for a term of four years. On the same date, the Group's overdraft facility was increase to £750,000 and renewed for a year.

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office.

Approved on behalf of the Board of directors.

DM Page

Chairman

11 July 2017

THE FULHAM SHORE PLC

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required under the AIM Rules to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS.

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the Group and the Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the Group financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on The Fulham Shore PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

DM Page
Chairman

11 July 2017

Introduction

The Board of The Fulham Shore PLC has resolved that the Company, whilst trading on the AIM market, should apply good governance to Directors' remuneration.

Remuneration Committee

The Remuneration Committee is authorised by the Board to determine the Company's remuneration policy on executive Directors' service contracts and remuneration including share based incentive awards. The Remuneration Committee is chaired by MA Chapman, the non-executive director. DM Page and DAL Gunewardena also served on the committee during the year.

Remuneration policy

The Company's executive remuneration packages are designed to attract, motivate and retain personnel of the high calibre needed to create value for shareholders. There are three components to the executive Directors' remuneration, being basic salary and benefits, annual bonus scheme and share based incentive schemes. The performance measurement of the executive Directors and key members of senior management and the determination of their annual remuneration packages is undertaken by the remuneration committee.

Directors' service agreements

DM Page was appointed as a Director and Executive Chairman on 2 March 2012. On 30 September 2014 DM Page entered into a service agreement with the Company under the terms of which he agreed to act as Executive Chairman of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NAG Mankarious was appointed as a Director on 2 March 2012. On 30 September 2014 NAG Mankarious entered into a service agreement with the Company under the terms of which he agreed to act as Managing Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

NJ Donaldson was appointed as a Director on 2 March 2012. On 30 September 2014 London Bridge Capital Limited entered into a consultancy agreement with the Company under the terms of which London Bridge Capital Limited has agreed to provide the services of NJ Donaldson to act as a Director the Company. The agreement (which was novated by deed to London Bridge Capital Partners LLP in April 2016) is terminable on 12 months' notice to be given by either party.

NCW Wong was appointed as the Finance Director on 13 January 2014. On 30 September 2014 NCW Wong entered into a service agreement with the Company under the terms of which he agreed to act as Finance Director of the Company. The agreement is terminable on 12 months' notice to be given by either party.

MA Chapman was appointed as a Director on 1 July 2014. On 11 June 2014 MA Chapman entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

DAL Gunewardena was appointed as a Director on 26 September 2016. On the same day DAL Gunewardena entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director. The agreement is terminable on 3 months' notice to be given by either party.

Incentive arrangements

The Directors and employees of the Group also participate in incentive arrangements to reward individuals if shareholder value is created.

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

Under these arrangements, certain Directors are entitled to performance related bonuses and participation in share based incentive schemes. The details of the share based incentive schemes are given in note 18.

Directors' remuneration

Year ended 26 March 2017:

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Share Options £'000	Total £'000
Executive Directors						
DM Page	120	–	57	–	–	177
NAG Mankarious	196	–	103	–	–	299
NJ Donaldson	–	55	29	4	184	272
NCW Wong	174	–	92	–	–	266
	<u>490</u>	<u>55</u>	<u>281</u>	<u>4</u>	<u>184</u>	<u>1,014</u>
Non-Executive Director						
MA Chapman	44	–	–	–	–	44
DAL Gunewardena	18	–	–	–	–	18
	<u>552</u>	<u>55</u>	<u>281</u>	<u>4</u>	<u>184</u>	<u>1,076</u>

Year ended 27 March 2016

	Salary £'000	Fees £'000	Bonus £'000	Benefits £'000	Total £'000
Executive Directors					
DM Page	99	–	24	–	123
NAG Mankarious	178	–	45	–	223
NJ Donaldson	–	57	12	4	73
NCW Wong	159	–	42	–	201
	<u>436</u>	<u>57</u>	<u>123</u>	<u>4</u>	<u>620</u>
Non-executive Director					
MA Chapman	39	–	–	–	39
	<u>475</u>	<u>57</u>	<u>123</u>	<u>4</u>	<u>659</u>

No pension contributions were payable to any of the Directors during the year.

The fees, bonus and benefits in respect of NJ Donaldson were paid to London Bridge Capital Partners LLP for his services as a Director.

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

Directors' interests in Group share based incentive schemes

The interests of the Directors under the Group's share based incentive schemes as at 26 March 2017 were as follows:

	Options outstanding 27 March 2016	Options exercised during year	Options outstanding 26 March 2017	Exercise Price £	Exercisable Date	Expiry Date
<i>Enterprise Management Incentives</i>						
DM Page	1,115,972	–	1,115,972	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NAG Mankarious	1,115,972	–	1,115,972	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	3,332,842	–	3,332,842	0.06	20/10/2017	20/10/2021
NCW Wong	1,670,172	–	1,670,172	0.05	25/02/2017	25/02/2021
	2,774,856	–	2,774,856	0.06	20/10/2017	20/10/2021
<i>Unapproved</i>						
DM Page	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NAG Mankarious	1,647,256	–	1,647,256	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NCW Wong	2,205,242	–	2,205,242	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
NJ Donaldson	1,115,972	(1,115,972)	–	0.02	01/03/2016	01/03/2020
	554,200	–	554,200	0.05	25/02/2017	25/02/2021
	4,980,098	–	4,980,098	0.06	20/10/2017	20/10/2021
	4,732,795	–	4,732,795	0.11	21/04/2018	21/04/2022
MA Chapman	3,325,135	–	3,325,135	0.06	20/10/2017	20/10/2021
	2,366,397	–	2,366,397	0.11	21/04/2018	21/04/2022

All share options above have been issued at the market price of the ordinary shares at the date of grant. During the year ended 26 March 2017, the market price of ordinary shares in the Company ranged from £0.1525 (2016: £0.11) to £0.2235 (2016: £0.2275). The share price as at 26 March 2017 was £0.1788 (2016: £0.1743).

The total share based payments charge in relation to the Directors' interest in share options recognised in the Group during the year was £473,000 (2016: £452,000).

THE FULHAM SHORE PLC
REPORT ON DIRECTORS' REMUNERATION

Details of the Directors' shareholdings are given in the Directors' Report on page 12.

Approval

This report was approved by the Board of Directors on 11 July 2017 and signed on its behalf by:

MA Chapman

Chairman of the Remuneration Committee

Opinion on financial statements

We have audited the group and parent company financial statements ("the financial statements") on pages 23 to 66. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 26 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following where the Companies Act 2006 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

THE FULHAM SHORE PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FULHAM SHORE PLC

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

EUAN BANKS (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

11 July 2017

THE FULHAM SHORE PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 26 March 2017

	<i>Notes</i>	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Revenue	1	41,274	29,251
Cost of sales		(23,182)	(15,970)
Gross profit		18,092	13,281
Administrative expenses		(13,422)	(10,001)
Headline operating profit		4,670	3,280
Share based payments		(631)	(639)
Pre-opening costs		(1,914)	(908)
Amortisation of brand		(821)	(821)
Exceptional costs – cost of acquisition	23	(26)	(405)
Operating profit	2	1,278	507
Finance income		1	4
Finance costs	4	(135)	(88)
Profit before taxation		1,144	423
Income tax expense	5	(175)	(347)
Profit for the year		969	76
Profit for the period attributable to:			
Owners of the company		947	56
Non-controlling interests		22	20
		969	76
Profit per share			
Basic	6	0.2p	0.0p
Diluted	6	0.2p	0.0p
Headline Basic	6	0.7p	0.5p
Headline Diluted	6	0.7p	0.4p

There were no other comprehensive income items.

All operating gains and losses relate to continuing activities.

THE FULHAM SHORE PLC
CONSOLIDATED AND COMPANY BALANCE SHEETS
26 March 2017

		26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
	<i>Notes</i>				
Non-current assets					
Intangible assets	7	27,374	28,135	–	–
Property, plant and equipment	8	27,306	16,733	227	11
Investments in subsidiaries	9	–	–	43,011	42,579
Trade and other receivables	11	947	934	7,974	4,324
Deferred tax assets	16	1,406	894	1,238	825
		<u>57,033</u>	<u>46,696</u>	<u>52,450</u>	<u>47,739</u>
Current assets					
Inventories	10	1,052	687	–	–
Trade and other receivables	11	2,602	1,448	184	119
Cash and cash equivalents	12	271	197	–	–
		<u>3,925</u>	<u>2,332</u>	<u>184</u>	<u>119</u>
Total assets		<u>60,958</u>	<u>49,028</u>	<u>52,634</u>	<u>47,858</u>
Current liabilities					
Trade and other payables	13	(13,332)	(6,165)	(1,011)	(732)
Income tax payable		(533)	(630)	–	–
Borrowings	14	(180)	(570)	(12)	(200)
		<u>(14,045)</u>	<u>(7,365)</u>	<u>(1,023)</u>	<u>(932)</u>
Net current liabilities		<u>(10,120)</u>	<u>(5,033)</u>	<u>(839)</u>	<u>(813)</u>
Non-current liabilities					
Borrowings	14	(6,000)	(2,910)	(8,190)	(4,003)
Deferred tax liabilities	16	(2,265)	(2,057)	–	–
		<u>(8,265)</u>	<u>(4,967)</u>	<u>(8,190)</u>	<u>(4,003)</u>
Total liabilities		<u>(22,310)</u>	<u>(12,332)</u>	<u>(9,213)</u>	<u>(4,935)</u>
Net assets		<u>38,648</u>	<u>36,696</u>	<u>43,421</u>	<u>42,923</u>
Equity					
Share capital	17	5,714	5,692	5,714	5,692
Share premium		6,889	6,866	6,889	6,866
Merger relief reserve		30,459	30,459	30,459	30,459
Reverse acquisition reserve		(9,469)	(9,469)	–	–
Retained earnings		4,963	3,078	359	(94)
		<u>38,556</u>	<u>36,626</u>	<u>43,421</u>	<u>42,923</u>
Equity attributable to owners of the company		<u>38,556</u>	<u>36,626</u>	<u>43,421</u>	<u>42,923</u>
Non-controlling interest		<u>92</u>	<u>70</u>	<u>–</u>	<u>–</u>
Total Equity		<u>38,648</u>	<u>36,696</u>	<u>43,421</u>	<u>42,923</u>

The loss for the financial year dealt with in the financial statements of the Company is £436,000 (2016: £694,000). The financial statements on pages 23 to 66 were approved by the board of Directors and authorised for issue on 11 July 2017 and are signed on its behalf by:

DM Page
Chairman

Company registration number: 07973930

THE FULHAM SHORE PLC
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
for the year ended 26 March 2017

	Attributable to owners of the Company							
	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Reverse Acquisition Reserve £'000	Retained Earnings £'000	Equity Share- holders Funds £'000	Non- Controlling Interests £'000	Total Equity £'000
At 29 March 2015	3,325	2,650	11,113	(9,469)	1,840	9,459	22	9,481
Profit for the period	–	–	–	–	56	56	20	76
Total comprehensive income	–	–	–	–	56	56	20	76
Transactions with owners								
Ordinary shares issued (net of expenses)	2,367	4,216	19,346	–	–	25,929	–	25,929
Share based payments	–	–	–	–	639	639	–	639
Deferred tax on share based payments	–	–	–	–	543	543	–	543
Non-controlling interests adjustment	–	–	–	–	–	–	28	28
Total transactions with owners	2,367	4,216	19,346	–	1,182	27,111	28	27,139
At 27 March 2016	5,692	6,866	30,459	(9,469)	3,078	36,626	70	36,696
Profit for the period	–	–	–	–	947	947	22	969
Total comprehensive income	–	–	–	–	947	947	22	969
Transactions with owners								
Ordinary shares issued (net of expenses)	22	23	–	–	–	45	–	45
Share based payments	–	–	–	–	631	631	–	631
Deferred tax on share based payments	–	–	–	–	307	307	–	307
Total transactions with owners	22	23	–	–	938	983	–	983
At 26 March 2017	5,714	6,889	30,459	(9,469)	4,963	38,556	92	38,648

THE FULHAM SHORE PLC
COMPANY STATEMENT OF CHANGE IN EQUITY
for the year ended 26 March 2017

	Share Capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 29 March 2015	3,325	2,650	11,113	(556)	16,532
Loss for the year	—	—	—	(694)	(694)
Total comprehensive income for the year	—	—	—	(694)	(694)
Transactions with owners					
Ordinary shares issued (net of expenses)	2,367	4,216	19,346	—	25,929
Share based payments	—	—	—	639	639
Deferred tax on share based payments	—	—	—	517	517
Total transactions with owners	2,367	4,216	19,346	1,156	27,085
At 27 March 2016	5,692	6,866	30,459	(94)	42,923
Loss for the year	—	—	—	(436)	(436)
Total comprehensive income for the year	—	—	—	(436)	(436)
Transactions with owners					
Ordinary shares issued (net of expenses)	22	23	—	—	45
Share based payments	—	—	—	631	631
Deferred tax on share based payments	—	—	—	258	258
Total transactions with owners	22	23	—	889	934
At 26 March 2017	5,714	6,889	30,459	359	43,421

THE FULHAM SHORE PLC
CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
for the year ended 26 March 2017

	Notes	Year ended 26 March 2017 £'000	Group Year ended 27 March 2016 £'000	Year ended 26 March 2017 £'000	Parent Year ended 27 March 2016 £'000
Net cash flow from/(used in) operating activities	19	10,273	3,718	(209)	56
Investing activities					
Acquisition of property, plant and equipment		(12,358)	(7,085)	(236)	(3)
Acquisition of intangible assets		(76)	–	–	–
Cash flow from acquisition of subsidiaries	19	(376)	(6,249)	–	(6,589)
Loan to subsidiary undertakings		–	–	(2,553)	(1,244)
Net cash flow used in investing activities		<u>(12,810)</u>	<u>(13,334)</u>	<u>(2,789)</u>	<u>(7,836)</u>
Financing activities					
Proceeds from issuance of new ordinary shares (net of expenses)		45	4,648	45	4,648
Repayments of bank borrowings		–	(2,120)	–	–
Capital received from bank borrowings		3,090	2,910	3,090	2,910
Interest received		1	4	261	1
Interest paid		(135)	(88)	(210)	(77)
Net cash flow from financing activities		<u>3,001</u>	<u>5,354</u>	<u>3,186</u>	<u>7,482</u>
Net increase/(decrease) in cash and cash equivalents		464	(4,262)	188	(298)
Cash and cash equivalents at the beginning of the period	12	<u>(373)</u>	<u>3,889</u>	<u>(200)</u>	<u>98</u>
Cash and cash equivalents at the end of the period	12	<u><u>91</u></u>	<u><u>(373)</u></u>	<u><u>(12)</u></u>	<u><u>(200)</u></u>

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

GENERAL INFORMATION

The Fulham Shore PLC is a public limited company incorporated and domiciled in England and Wales with registration number 07973930 and registered office at 1st Floor, 50-51 Berwick Street, London, W1F 8SJ, United Kingdom. The Company's ordinary shares are traded on the AIM Market.

BASIS OF PREPARATION

On 20 October 2014, The Fulham Shore PLC acquired 99.04% of the issued share capital of Kefi Limited.

The combination has been accounted for as a reverse acquisition as if Kefi Limited had issued new shares in exchange for The Fulham Shore PLC's net assets.

The Fulham Shore PLC is presenting audited consolidated financial statements for the year ended 26 March 2017. The comparative period presented is audited financial statements as of and for the year ended 27 March 2016.

The financial statements have been prepared under the historical cost convention and, as permitted by EU Law, the Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

The financial statements for the year ended 26 March 2017 are presented in Sterling because that is the primary currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The parent company has not presented its own income statement, statement of total comprehensive income and related notes as permitted by section 408 of the Companies Act 2006.

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have not been applied in these financial statements were in issue but not yet effective:

IFRS 2 (Amendment)	Classification and Measurement of Share Based Payment Transactions
IFRS 9	Financial instruments
IFRS 12 (Amendment)	Disclosure of interest in Other Entities
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the financial statements of the Group other than the new IFRS 16 Leases which will be mandatory for accounting periods beginning on or after 1 January 2019. This new standard, which is not currently EU endorsed will significantly change how restaurant leases will be accounted for. The Group is preparing its assessment project to identify the impact of the new lease accounting standard on the Group's existing and future restaurant leases.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis. Given the risk analysis set out in the Director's Report on pages 11 to 15 and after reviewing the Group's net current liabilities position as at 26 March 2017, the budget for the next financial year, other longer term plans and financial resources including undrawn but available facilities described in note 14 and the extended facilities following the year end as described in note 24, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore the Board is satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of The Fulham Shore PLC and all of its subsidiary undertakings for the period. Subsidiaries acquired are consolidated from the date that the Group has the power to control, exposure or rights to variable returns, and the ability to use its power over the returns and will continue to be consolidated until the date that such control ceases.

Although the legal form of the transaction during the period ended 29 June 2015 was an acquisition of Kefi Limited by The Fulham Shore PLC, the substance is the reverse of this. Accordingly the business combination has been prepared using reverse acquisition accounting.

The acquisition of other subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

INTANGIBLE ASSETS

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of an acquisition over the Group's interest in the fair value attributed to the net assets at acquisition. Goodwill is not subject to amortisation but is tested for impairment at least annually. After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of these cash generating units represents the Group's investment in a subsidiary. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Trademarks and licenses

The fair value of the intangible assets acquired through the reverse acquisition was determined using discounted cash flow models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections are based on management forecasts for the next four years period. The estimated useful lives range from 4 to 20 years on a straight-line basis.

THE FULHAM SHORE PLC
ACCOUNTING POLICIES

Brand

The fair value of the brand intangible assets acquired through an acquisition of a subsidiary was determined using discounted royalty relief models. The key assumptions for the valuation method are those regarding future cash flows, tax rates and discount rates. The cash flow projections are based on management forecasts for the next ten year period.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of brand from the beginning of the financial year that they are available for use. The estimated useful lives are 10 years on a straight-line basis.

Computer Software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives, being between 3 and 5 years. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and directly attributable overheads. Software integral to a related item of hardware equipment is accounted for as property, plant and equipment. Costs associated with maintaining computer software programmes are recognised as an expense when they are incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and any recognised impairment loss. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is provided on property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold properties and improvements	over lease term or renewal term
Plant and equipment	20% to 33% straight line
Furniture, fixtures and fittings	10% to 20% straight line

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

IMPAIRMENT OF ASSETS

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversed in a subsequent period. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

TRADE AND OTHER RECEIVABLES

Receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow, discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

TRADE AND OTHER PAYABLES

Payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

SHARE CAPITAL

Share capital represents the nominal value of ordinary shares issued.

SHARE PREMIUM

Share premium represents the amounts subscribed for share capital in excess of nominal value less the related costs of share issue.

MERGER RELIEF RESERVE

In accordance with Companies Act 2006 S.612 'Merger Relief', the company issuing shares as consideration for a business combination, accounted at fair value, is obliged, once the necessary conditions are satisfied, to record the share premium to the merger relief reserve.

THE FULHAM SHORE PLC

ACCOUNTING POLICIES

REVERSE ACQUISITION RESERVE

Reverse accounting under IFRS 3 'Business Combinations' requires the difference between the equity of the legal parent and the issued equity instruments of the legal subsidiary pre-combination is to be recognised as a separate component of equity.

RETAINED EARNINGS

Retained earnings represents the cumulative profit and loss net of distributions.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling, the presentational and functional currency of the Group, at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Interest bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowing. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

TAXATION

Income tax expense represents the sum of the current tax payable and deferred tax.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may not be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also recognised directly in equity.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis or other systematic basis if representative of the time pattern of the user's benefit over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

RETIREMENT BENEFITS

The amount charged to the income statement in respect of pension costs is the contributions payable to money purchase schemes in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

REVENUE RECOGNITION

Revenue represents the fair value of the consideration received or receivable, net of Value Added Tax, for goods sold and services provided to customers outside the Group after deducting discounts. Revenue is recognised when the significant risks and rewards of ownership are transferred.

INTEREST INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

ACCOUNTING PERIOD

The consolidated group accounts have been prepared for the year to 26 March 2017 with the comparative year to 27 March 2016.

The Company accounts have been prepared for the same periods as the Group.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies, described above, with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the Group are detailed below:

Valuation of acquired businesses – Acquisition and intangible assets

The Group applied the principles of IFRS 3's acquisition accounting in respect of the acquisition of Franco Manca Holdings Limited during the year ended 27 March 2016. The key judgements involved were the identification and valuation of intangible assets which required the estimation of future cash flows arising from a royal relief model and the selection of a suitable discount rate and the determination that the difference between the fair value of the consideration effectively given and the aggregate of the fair values of the separable net assets acquired effectively represents the cost of acquiring the cash generating units in Franco Manca.

Assessment of the recoverable amounts in respect of assets tested for impairment

The Group tests property, plant and equipment and intangible assets, including goodwill, for impairment on an annual basis or more frequently if there are indications that amounts may be impaired. The impairment analysis for such assets is principally based upon discounted estimated future cash flows from the use and eventual disposal of the assets. Such an analysis includes an estimation of the future anticipated results and cash flows, annual growth rates and the appropriate discount rates.

Valuation of share based payments

The charge for share based payments is calculated in accordance with the methodology described in note 18. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates.

OPERATING SEGMENTS

The Group considers itself to have two key operating segments, being the management and operation of The Real Greek restaurants and the management and operation of Franco Manca restaurants. The Group operates in only one geographical segment, being the United Kingdom.

DEFINITIONS

OPERATING PROFIT

Operating profit is defined as profit before taxation, finance income and finance costs.

HEADLINE OPERATING PROFIT

Headline operating profit is defined as operating profit before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

HEADLINE PROFIT BEFORE TAXATION

Headline profit before taxation is defined as profit/loss before taxation before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, costs of reverse acquisition, costs of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

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ACCOUNTING POLICIES

PRE-OPENING COSTS

The restaurant pre-opening costs represent costs incurred up to the date of opening a new restaurant that are written off to the profit and loss account in the period in which they are incurred.

EBITDA

EBITDA is defined as operating profit before depreciation and amortisation.

HEADLINE EBITDA

Headline EBITDA is defined as EBITDA before amortisation of brand, impairment of property, plant and equipment, impairment of goodwill and intangible assets, onerous lease costs, restructuring costs, costs of reverse acquisition, cost of acquisition, share based payments, loss on disposal of property, plant and equipment and pre-opening costs.

HEADLINE EPS

Headline EPS is defined in note 6.

1 SEGMENT INFORMATION

For management purposes, the Group was organised into two operating divisions during the year ended 26 March 2017. These divisions, The Real Greek and Franco Manca, are the basis on which the Group reports its primary segment information. All other segments include the Bukowski Grill franchise and the Fulham Shore head office

For the year ended 26 March 2017:

	The Real Greek £'000	Franco Manca £'000	All other Segments £'000	Total £'000
External revenue	13,675	26,766	833	41,274
Headline EBITDA	2,284	5,415	(581)	7,118
Depreciation and amortisation	(649)	(1,707)	(92)	(2,448)
Headline operating profit	1,635	3,708	(673)	4,670
Operating profit	1,049	1,100	(871)	1,278
Finance income	1	–	–	1
Finance costs	–	(1)	(134)	(135)
Segment profit/(loss) before taxation	1,050	1,099	(1,005)	1,144
Income tax expense				(175)
Profit for the year				969
Assets	7,979	48,914	4,065	60,958
Liabilities	(4,073)	(10,872)	(7,365)	(22,310)
Net assets	3,906	38,042	(3,300)	38,648
Capital expenditure	2,185	10,716	246	13,147

1 SEGMENT INFORMATION (continued)

For the year ended 27 March 2016:

	The Real Greek £'000	Franco Manca £'000	All other Segments £'000	Total £'000
External revenue	11,699	17,494	58	29,251
Headline EBITDA	1,892	4,014	(674)	5,232
Depreciation and amortisation	(521)	(1,414)	(17)	(1,952)
Headline operating profit	1,371	2,600	(691)	3,280
Operating profit	1,082	477	(1,052)	507
Finance income	3	–	1	4
Finance costs	(2)	(8)	(78)	(88)
Segment profit/(loss) before taxation	1,083	469	(1,129)	423
Income tax expense				(347)
Profit for the year				76
Assets	6,072	39,616	3,340	49,028
Liabilities	(2,241)	(5,806)	(4,286)	(12,332)
Net assets	3,831	33,810	(946)	36,696
Capital expenditure	753	5,978	485	7,216

The Group's two business segments primarily operate in one geographical area which is the United Kingdom.

2 OPERATING PROFIT

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Operating profit is stated after charging:		
Staff costs (note 3)	14,786	10,362
Depreciation of property, plant and equipment	2,432	1,516
Amortisation of intangible assets	837	1,256
Operating lease rentals:		
Land and buildings	3,936	1,313
Inventories – amounts charged as an expense	8,196	6,047
Auditor's remuneration:		
– for statutory audit services	75	77
– for other assurance services	7	–
– for tax services	27	28
– for transactional services	5	85
Share based payments	631	639
Pre-opening costs	1,914	908
Exceptional costs – acquisition costs	26	405
	<u> </u>	<u> </u>

3 EMPLOYEES

	Year ended 26 March 2017 No.	Year ended 27 March 2016 No.
The average monthly number of persons (including Directors) employed by the company during the period was:		
Administration and management	23	15
Restaurants	800	555
	<u> </u>	<u> </u>
	<u>823</u>	<u>570</u>

3 EMPLOYEES (continued)

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Staff costs for above persons		
Salaries and fees	13,808	9,612
Social security costs	912	710
Share based payments	631	639
Defined contribution pension costs	73	40
	<u>15,424</u>	<u>11,001</u>

DIRECTORS' REMUNERATION

The remuneration of Directors, who are the key management personnel of the company, is set out in aggregate below. Further details of directors' emoluments can be found in the tables of directors' remuneration on pages 17 to 20.

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Salaries, fees and other short term employee benefits	899	659
Social security costs	59	157
Share based payments	473	452
	<u>1,431</u>	<u>1,268</u>

NJ Donaldson exercised 1,115,972 share options in the period ended 26 March 2017 (2016: Nil) realising a gain of £184,000 (2016: £Nil). No directors received any pension benefits (2016: £Nil).

Included above are fees paid to related parties for the provision of directors' services which are further described in note 22.

The Directors are the only employees of the Company. The Directors' remuneration above is the only staff costs for the Company.

4 FINANCE COSTS

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Interest expenses on bank loans and overdrafts	135	88
	<u>135</u>	<u>88</u>

5 INCOME TAX EXPENSE

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Based on the result for the period:		
UK corporation tax at 20% (2016: 20%)	474	588
Adjustment in respect of prior periods	(302)	(51)
Total current taxation	<u>172</u>	<u>537</u>
Deferred taxation:		
Origination and reversal of temporary timing differences	<u>3</u>	<u>(190)</u>
Total deferred tax	<u>3</u>	<u>(190)</u>
Total tax expense on profit on ordinary activities	<u>175</u>	<u>347</u>

5 INCOME TAX EXPENSE (continued)

Factors affecting tax charge for year:

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Profit before taxation	1,144	423
Taxation at UK corporation tax rate of 20% (2016: 20%)	229	85
Expenses not deductible for tax purposes	14	29
Depreciation on non-qualifying fixed assets	345	237
Share based payments not previously recognised	(87)	49
Tax losses utilised not previously recognised	–	(2)
Adjustment to previously recognised provision	(23)	–
Adjustment to tax charge in respect of previous periods	(303)	(51)
Total income tax expense in the income statement	<u>175</u>	<u>347</u>

Factors that may affect tax charges are disclosed in note 16.

6 EARNINGS PER SHARE

	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
Profit for the purposes of basic and diluted earnings per share:	947	56
Share based payments	631	639
Deferred tax on share based payments	(236)	(135)
Pre-opening costs	1,915	908
Amortisation of brand	821	821
Deferred tax on amortisation of brand	(137)	(137)
Exceptional costs – cost of acquisition	26	405
Headline profit for the period for the purposes of headline basic and diluted earnings per share:	<u>3,967</u>	<u>2,557</u>

	Year ended 26 March 2017 No. '000	Year ended 27 March 2016 No. '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	570,371	554,811
Effect of dilutive potential ordinary shares from share options	<u>30,855</u>	<u>29,553</u>
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	<u>601,226</u>	<u>584,364</u>

Further details of the share options that could potentially dilute basic earnings per share in the future are provided in note 18.

	Year ended 26 March 2017	Year ended 27 March 2016
Earnings per share:		
Basic	0.2p	0.0p
Diluted	0.2p	0.0p
Headline Basic	0.7p	0.5p
Headline Diluted	0.7p	0.4p

7 INTANGIBLE ASSETS

Group	Trademarks, License and franchises £'000	Software £'000	Brand £'000	Goodwill £'000	Total £'000
Cost					
29 March 2015	1,709	–	–	1,774	3,483
Additions due to business combination	30	–	8,211	17,858	26,099
27 March 2016	1,739	–	8,211	19,632	29,582
Additions	–	76	–	–	76
Reclassification	(1,681)	–	–	1,073	(608)
26 March 2017	58	76	8,211	20,705	29,050
Accumulated amortisation					
29 March 2015	191	–	–	–	191
Charge in the year	435	–	821	–	1,256
27 March 2016	626	–	821	–	1,447
Charge in the year	5	11	821	–	837
Reclassification	(608)	–	–	–	(608)
26 March 2017	23	11	1,642	–	1,676
Net book value					
26 March 2017	35	65	6,569	20,705	27,374
27 March 2016	1,113	–	7,390	19,632	28,135

The amortisation charges for trademarks, license and franchises for the year are recognised within administrative expenses.

Goodwill of £107,000 relates to the original acquisition of The Real Greek Food Company Limited (“The Real Greek”) by Kefi Limited.

Goodwill of £1,667,000 relates to the reverse acquisition of The Fulham Shore PLC by Kefi Limited. The goodwill is attributable to the value of the listing of The Fulham Shore PLC.

Goodwill of £18,931,000 relates to the acquisition of Franco Manca Holdings Limited (“Franco Manca Holdings”). The goodwill is attributable to the cash generating units held within Franco Manca 2 UK Limited. Included in this goodwill is £1,073,000 which was reclassified from franchise intangible following the reacquisition of the rights when Franco Manca Holdings was acquired. This should have been eliminated at the date of the acquisition in the prior year. The Directors do not consider the adjustment to be material and have therefore recognised it in the current year.

7 INTANGIBLE ASSETS (continued)

For the purposes of impairment testing the Directors consider each acquired business or operating segment as separate cash generating units (CGUs). The recoverable amount for each CGU was determined using a value in use calculation based upon management forecasts for the trading results for those entities. Value in use calculations are based on cash flow forecasts derived from the most recent financial budgets and then extrapolated over ten years. Ten years is believed to be reasonable due to the possibility of further investment in each CGU and the related brands. The discount rate applied to cash flow projections is 12% (2016: 12%) which is the rate believed by the Directors to reflect the risks associated with the CGU.

The Group has also conducted a sensitivity analysis on the impairment test of the CGU carrying value including reducing sales level and changing discount rates and there is no reasonably expected change would give rise to an impairment charge.

8 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost					
29 March 2015	4,601	457	414	470	5,942
On acquisition	4,635	476	154	900	6,165
Additions	4,534	957	228	1,496	7,215
Reclassification	1,065	207	22	(1,294)	–
Disposals	–	–	–	(29)	(29)
27 March 2016	14,835	2,097	818	1,543	19,293
Additions	9,020	2,111	768	1,248	13,147
Reclassification	1,452	24	5	(1,481)	–
Disposals	(146)	(9)	–	–	(155)
26 March 2017	25,161	4,223	1,591	1,310	32,285
Accumulated depreciation					
29 March 2015	738	190	116	–	1,044
Charge in the year	1,043	358	115	–	1,516
27 March 2016	1,781	548	231	–	2,560
Charge in the year	1,587	649	196	–	2,432
Disposals	(12)	(1)	–	–	(13)
26 March 2017	3,356	1,196	427	–	4,979
Net book value					
26 March 2017	21,805	3,027	1,164	1,310	27,306
27 March 2016	13,054	1,549	587	1,543	16,733

8 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent Company	Leasehold improvements £'000	Plant and equipment £'000	Furniture, fixtures and fittings £'000	Total £'000
Cost				
29 March 2015	3	28	8	39
Additions	–	1	2	3
Reclassification				
27 March 2016	3	29	10	42
Additions	202	19	15	236
26 March 2017	205	48	25	278
Accumulated depreciation				
29 March 2015	2	16	2	20
Charge in the year	1	9	1	11
27 March 2016	3	25	3	31
Charge in the year	13	5	2	20
26 March 2017	16	30	5	51
Net book value				
26 March 2017	189	18	20	227
27 March 2016	–	4	7	11

All depreciation charges have been recognised in administrative expenses in the income statement.

All non-current assets are located in the United Kingdom.

9 INVESTMENTS IN SUBSIDIARIES

	26 March 2017 £'000	27 March 2016 £'000
Parent Company		
Cost and net book value		
Opening position	42,579	14,261
Investment in subsidiaries	432	28,318
Closing position	<u>43,011</u>	<u>42,579</u>

As at 26 March 2017, the Company had the following subsidiary undertakings which are all registered at 1st Floor, 50-51 Berwick Street, London W1F 8SJ:

Name of subsidiary	Class of Holding	Proportion of shares held, ownership interest and voting power	Nature of business
<i>Incorporated in England and Wales</i>			
FM98 LTD Limited*	Ordinary	100%	Operation of restaurants
10DAS Limited	Ordinary	100%	Operation of restaurants
Café Pitfield Limited	Ordinary	100%	Dormant
Kefi Limited	Ordinary	99%	Dormant
The Real Greek Food Company Limited*	Ordinary	99%	Operation of restaurants
The Real Greek Wine Company Limited*	Ordinary	99%	Dormant
Souvlaki & Bar Limited*	Ordinary	99%	Dormant
CHG Brands Limited*	Ordinary	99%	Dormant
The Real Greek International Limited*	Ordinary	99%	Dormant
Franco Manca Holdings Limited	Ordinary	99%	Dormant
Franco Manca 2 UK Limited*	Ordinary	99%	Operation of restaurants
FM6 Limited*	Ordinary	99%	Restaurant property
FM111 Limited*	Ordinary	99%	Restaurant property
Franco Manca International Limited*	Ordinary	99%	Dormant

* Held by subsidiary undertaking

10 INVENTORIES

	26 March 2017 £'000	Group 27 March 2016 £'000	27 March 2017 £'000	Parent company 29 March 2016 £'000
Raw materials and consumables	<u>1,052</u>	<u>687</u>	<u>–</u>	<u>–</u>

Inventories are charged to cost of sales in the consolidated comprehensive statement of income.

11 TRADE AND OTHER RECEIVABLES

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Included within non-current assets:				
Amounts receivable from subsidiaries	–	–	7,974	4,324
Other receivables	<u>947</u>	<u>934</u>	<u>–</u>	<u>–</u>
	<u>947</u>	<u>934</u>	<u>7,974</u>	<u>4,324</u>
Included within current assets:				
Trade receivables	847	474	53	–
Other receivables	179	111	–	–
Other taxation and social security costs	–	–	11	21
Prepayments and accrued income	<u>1,576</u>	<u>863</u>	<u>120</u>	<u>98</u>
	<u>2,602</u>	<u>1,448</u>	<u>184</u>	<u>119</u>
	<u>3,549</u>	<u>2,382</u>	<u>8,158</u>	<u>4,443</u>

Other receivables due after more than one year relate to rent deposits.

Receivables are denominated in sterling. The Board believes that the balances are recoverable in full and therefore no impairments are required.

The Group and Company hold no collateral against these receivables at the balance sheet date. The Directors consider that the carrying amount of receivables approximates to their fair value.

12 CASH AND CASH EQUIVALENTS

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Cash at bank and in hand	271	197	–	–
Cash and cash equivalents as presented in the balance sheet	271	197	–	–
Bank overdraft	(180)	(570)	(12)	(200)
	<u>91</u>	<u>(373)</u>	<u>(12)</u>	<u>(200)</u>

Bank balances comprise cash held by the company on a short term basis with maturity of three months or less. The carrying amount of these assets approximates to their fair value.

13 TRADE AND OTHER PAYABLES

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Included in current liabilities:				
Trade payables	7,375	2,555	266	115
Other taxation and social security payable	1,012	716	30	21
Other payables	95	155	28	150
Accruals and deferred income	4,850	2,739	687	446
	<u>13,332</u>	<u>6,165</u>	<u>1,011</u>	<u>732</u>

Trade payables were all denominated in sterling and comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing.

The Directors consider that the carrying amount of trade payables approximate to their fair value.

14 BORROWINGS

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Short term borrowings:				
Bank overdraft	180	570	12	200
Long term borrowings:				
Bank loans	6,000	2,910	6,000	2,910
Amounts owed to subsidiary undertakings	–	–	2,190	1,093
	<u>6,000</u>	<u>2,910</u>	<u>8,190</u>	<u>4,003</u>
	<u>6,180</u>	<u>3,480</u>	<u>8,202</u>	<u>4,203</u>

As at 26 March 2017, the Group's committed Sterling borrowing facilities comprises a revolving credit facility of £6,000,000 (2016: £6,000,000) expiring between two and five years and a bank overdraft facility from HSBC Bank PLC which is secured by a mortgage debenture in favour of HSBC Bank PLC representing fixed or floating charges over all assets of the Group. The interest rate applicable on this bank loan is 2.50% above LIBOR.

The bank overdraft is repayable on demand with interest being charged at 2.5% over base rate and is secured by a debenture giving fixed and floating charges over all assets of the Group.

Amounts owed to subsidiary undertakings are amounts borrowed from The Real Greek Food Company Limited, a subsidiary of the Company and are repayable on 26 March 2019. The interest rate applicable on the amounts owed to subsidiary undertakings is 3.5%.

15 FINANCIAL INSTRUMENTS

The Group is exposed to the risks that arise from its use of financial instruments. The Group's finance function provides a centralised service to all Group businesses for funding, foreign exchange and interest rates management. Derivative instruments may be transacted solely for risk management purposes. The management consider that the key financial risk factors of the business are liquidity risks, market risk, foreign exchange risk and credit risk.

This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

Financial Assets and Liabilities

The Group and Company had the following financial assets and liabilities:

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
<i>Non-current financial assets</i>				
Amounts owed by subsidiary undertakings	–	–	7,974	4,324
Other receivables	947	934	–	–
<i>Current financial assets</i>				
Cash at bank and in hand	271	197	–	–
Trade and other receivables*	1,026	585	53	–
	<u>2,244</u>	<u>1,716</u>	<u>8,027</u>	<u>4,324</u>
<i>Current financial liabilities</i>				
At amortised cost – borrowings	180	570	12	200
At amortised cost – payables**	12,268	5,346	981	711
<i>Non-current financial liabilities</i>				
At amortised cost – borrowings	6,000	2,910	6,000	2,910
At amortised cost – payables	–	–	2,190	1,093
	<u>18,448</u>	<u>8,826</u>	<u>9,183</u>	<u>4,914</u>

* excludes other taxation and social security receivable and prepayments included in trade and other receivables in note 11.

** excludes other taxation and social security and deferred income included in trade and other payables in note 13.

15 FINANCIAL INSTRUMENTS (continued)

The maturity analysis table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the period ended 26 March 2017

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Cash at bank and in hand	271	–	–	271
Trade and other receivables	1,026	47	900	1,973
Bank loans and overdrafts	(180)	(6,000)	–	(6,180)
Trade and other payables	(12,268)	–	–	(12,268)
	<u>(11,151)</u>	<u>(5,953)</u>	<u>900</u>	<u>(16,204)</u>

For the period ended 27 March 2016

	Less than 1 year £'000	Between 1 and 5 years £'000	More than 5 years £'000	Total £'000
Cash at bank and in hand	197	–	–	197
Trade and other receivables	585	217	717	1,519
Bank loans	(570)	(2,910)	–	(3,480)
Trade and other payables	(5,346)	–	–	(5,346)
	<u>(5,134)</u>	<u>(2,693)</u>	<u>717</u>	<u>(7,110)</u>

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

15 FINANCIAL INSTRUMENTS (continued)

The maturity analysis table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

For the period ended 26 March 2017

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Trade and other receivables	53	7,974	8,027
Bank loans and overdrafts	(12)	(6,000)	(6,012)
Trade and other payables	(983)	(2,190)	(3,173)
	<u>(942)</u>	<u>(216)</u>	<u>(1,158)</u>

For the period ended 27 March 2016

	Less than 1 year £'000	Between 1 and 5 years £'000	Total £'000
Trade and other receivables	–	4,324	4,324
Bank loans and overdrafts	(200)	(2,910)	(3,110)
Trade and other payables	(711)	(1,093)	(1,804)
	<u>(911)</u>	<u>321</u>	<u>(590)</u>

The financial instruments recognised on the balance sheets and shown above are all loans and receivables and financial liabilities at amortised cost.

Liquidity Risks

The Group and Company had a committed long term revolving credit facility of £6,000,000 (2016: £6,000,000) and short term bank overdraft facilities available to manage its liquidity as at 26 March 2017 of £500,000 (2016: £500,000). Both facilities were extended following the year end as described in note 24.

15 FINANCIAL INSTRUMENTS (continued)

Market Risks

The Group's market risk exposure arises mainly from its floating interest rate interest bearing borrowings. Only the following financial assets and liabilities were interest bearing:

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
<i>Floating rate</i>				
Cash at bank and in hand	271	197	–	–
Bank overdraft	(180)	(570)	(12)	(200)
Bank loans	(6,000)	(2,910)	(6,000)	(2,910)
	<u>(5,909)</u>	<u>(3,283)</u>	<u>(6,012)</u>	<u>(3,110)</u>

Trade and other receivables and trade and other payables are all non-interest bearing.

Weighted average interest rates paid for bank loans during the period ended 26 March 2017 were 1.9% and period ended 27 March 2016 were 2.0% and the weighted average interest rates paid for bank overdrafts during the period ended 26 March 2017 were 2.5% and period ended 27 March 2016 were 2.5%.

The Group has derived a sensitivity analysis based on a 0.5% variance in LIBOR element of floating interest rates. The annualised impact of an increase in LIBOR by 0.5% applied to the balance of floating rate bank loans at the period end would be £30,000 (2016: £14,000).

Foreign Exchange Risks

During the periods ended 26 March 2017 and 27 March 2016, the Group did not receive or pay significant amounts denominated in foreign currencies. As purchasing from foreign franchised territories that is not denominated or agreed in Sterling increase to a significant level, the Group will implement a foreign exchange management policy.

Credit Risks

The Group's exposure to credit risk arises mainly from as follows:

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Cash at bank and in hand	271	197	–	–
Trade receivables and other receivables	1,026	585	8,027	4,221
	<u>1,297</u>	<u>782</u>	<u>8,027</u>	<u>4,221</u>

15 FINANCIAL INSTRUMENTS (continued)

The majority of the Group's cash balances have been held in current accounts at HSBC Bank PLC during the periods ended 26 March 2017 and 27 March 2016 and did not earn any significant interest.

The majority of the Group's trade receivables are due for maturity within 7 days and largely comprise amounts receivable from credit and debit card clearing houses.

Fair Values of Financial Assets and Financial Liabilities

The fair value amounts of the Group's financial assets and liabilities as at 26 March 2017 and 27 March 2016 did not materially vary from the carrying value amounts.

16 DEFERRED TAXATION

Analysis of movements in net deferred tax balance during the period:

	27 March 2017 £'000	Group 29 March 2016 £'000	27 March 2017 £'000	Parent company 29 March 2016 £'000
Opening position	(1,163)	(277)	825	193
Arising on acquisition	–	(1,619)	–	–
Transfer to reserves	307	543	258	517
Movement in accelerated capital allowances	(487)	(184)	–	–
Tax on share based payments	212	151	155	115
Tax on intangible assets	271	223	–	–
Transfer (to)/from profit and loss	(3)	190	155	115
Net deferred tax (liability)/asset	<u>(859)</u>	<u>(1,163)</u>	<u>1,238</u>	<u>825</u>

The Group's deferred taxation liability disclosed above relates to the following:

	27 March 2017 £'000	Group 29 March 2016 £'000	27 March 2017 £'000	Parent company 29 March 2016 £'000
Deferred tax assets				
Share options	1,406	894	1,238	825
Deferred taxation assets	<u>1,406</u>	<u>894</u>	<u>1,238</u>	<u>825</u>
Deferred tax liabilities				
Accelerated capital allowances	1,178	691	–	–
Intangible assets	1,087	1,366	–	–
Deferred taxation liabilities	<u>2,265</u>	<u>2,057</u>	<u>–</u>	<u>–</u>

16 DEFERRED TAXATION (continued)

The Company has losses of £283,000 (2016: £283,000) which, subject to agreement with HM Revenue & Customs, are available to offset against the Company's future profits. A deferred taxation asset in respect of these losses of £57,000 (2016: £57,000) has not been recognised in the financial statements. Although the directors are confident that the Company will achieve future profitability in line with current expectations, the timing of such profits is uncertain and therefore the directors have not recognised the entire deferred tax asset. The Directors have recognised deferred tax assets in relation to the share based payment charge recognised in the year as such deferred tax asset may be used against future group tax relief.

17 SHARE CAPITAL

	27 March 2017 £'000	Group 29 March 2016 £'000	27 March 2017 £'000	Parent company 29 March 2016 £'000
Allotted, issued called up and fully paid: 571,385,237 (2016: 569,153,293) ordinary shares of 1p each	5,714	5,692	5,714	5,692

The Company has one class of ordinary share which carries no rights to fixed income.

On 21 April 2015, 43,181,818 Ordinary Shares of £0.01 were issued by the Company and were allotted for cash at £0.11 per Ordinary Share, credited as fully paid and a further 193,457,975 Ordinary Shares of £0.01 were issued by the Company at £0.11 per Ordinary Share as consideration to acquire 99% of the issued share capital of Franco Manca Holdings Limited.

On 5 August 2016, 1,115,972 Ordinary Shares of £0.01 were issued by the Company and were allotted for cash at £0.02 per Ordinary Share, credited as fully paid, on the exercise of share warrants in the Company.

On 14 October 2016, 1,115,972 Ordinary Shares of £0.01 were issued by the Company and were allotted for cash at £0.02 per Ordinary Share, credited as fully paid, on the exercise of unapproved share options in the Company.

18 SHARE BASED PAYMENTS

The Group currently uses a number of equity settled share plans to incentivise to its Directors and employees.

The Group operates four share plans:

- The Fulham Shore Enterprise Management Incentive (“EMI”) Share Option Plan;
- The Fulham Shore Unapproved Share Option Plan (“Unapproved Plan”);
- The Fulham Shore Company Share Option Plan (“CSOP”); and
- The Fulham Shore Share Incentive Plan (“SIP”)

The Group’s Share Plans provide for a grant price equal to the market price of the Company shares on the date of grant. The vesting period on all Share Plans except the SIP is 3 years with an expiration date 7 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Remuneration Committee, if established, or the Board. For the SIP, the vesting period ranges from 1 day to 3 years with an expiration date 10 years from the date of grant.

The charge recorded in the financial statements of the Group in respect of share-based payments is £631,000 (2016: £639,000).

The Fulham Shore EMI, Unapproved Plan and CSOP

Outstanding share options under The Fulham Shore EMI, The Fulham Shore Unapproved Share Option Plan and The Fulham Shore CSOP to acquire ordinary shares of 1 pence each as at 26 March 2017 are as follows:

	Year ended 26 March 2017 '000	Year ended 27 March 2016 '000
At the beginning of the year	55,625	29,927
Granted during the year	7,200	25,698
Exercised during the year	(1,116)	–
Lapsed during the year	(1,101)	–
At the end of the year	<u>60,608</u>	<u>55,625</u>

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18 SHARE BASED PAYMENTS (continued)

	Year ended 26 March 2017 £	Year ended 27 March 2016 £
Weighted average exercise price		
At the beginning of the year	0.08	0.05
Granted during the year	0.18	0.11
Exercised during the year	(0.02)	–
Lapsed during the year	(0.11)	–
At the end of the year	<u>0.09</u>	<u>0.08</u>

Outstanding and exercisable share options to acquire ordinary shares of 1 pence each as at 26 March 2017 under various Group share plans are as follows:

For the year ended 26 March 2017

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.02	2,232	0.0200	35	2,232	0.0200	35
£0.05	2,779	0.0500	47	2,779	0.0500	47
£0.06	9,440	0.0600	55	–	–	–
	<u>14,451</u>	<u>0.0519</u>	<u>50</u>	<u>5,011</u>	<u>0.0366</u>	<u>42</u>
Unapproved						
£0.05	554	0.0500	47	554	0.0500	47
£0.06	13,805	0.0600	55	–	–	–
£0.11	24,673	0.1100	61	–	–	–
£0.1775	293	0.1775	119	–	–	–
£0.1825	2,114	0.1825	111	–	–	–
	<u>41,439</u>	<u>0.0967</u>	<u>62</u>	<u>554</u>	<u>0.0500</u>	<u>47</u>
CSOP						
£0.1775	907	0.1775	119	–	–	–
£0.1825	3,811	0.1825	111	–	–	–
	<u>4,718</u>	<u>0.1815</u>	<u>113</u>	<u>–</u>	<u>–</u>	<u>–</u>

18 SHARE BASED PAYMENTS (continued)

For the year ended 27 March 2016

Range of exercise prices	Options outstanding			Options exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
EMI						
£0.02	2,232	0.02	47	2,232	0.02	47
£0.05	2,779	0.05	59	–	–	–
£0.06	9,440	0.06	67	–	–	–
	<u>14,451</u>	<u>0.05</u>	<u>62</u>	<u>2,232</u>	<u>0.02</u>	<u>47</u>
Unapproved						
£0.02	1,116	0.02	47	1,116	0.02	47
£0.05	554	0.05	59	–	–	–
£0.06	13,805	0.06	67	–	–	–
£0.11	25,698	0.11	73	–	–	–
	<u>41,173</u>	<u>0.09</u>	<u>70</u>	<u>1,116</u>	<u>0.02</u>	<u>47</u>

During the year ended 26 March 2017, the market price of ordinary shares in the Company ranged from £0.1525 (2016: £0.11) to £0.2235 (2016: £0.2275). The share price as at 26 March 2017 was £0.1788 (2016: £0.1743).

The fair value of the options is estimated at the date of grant using a Black-Scholes valuation model.

Expected life of options used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days. The inputs to the Black Scholes model were as follows:

	Year ended 26 March 2017	Year ended 27 March 2016
Weighted average expected life	3 years	3 years
Weighted average exercise price	17.75 to 18.25 pence	11 pence
Risk free rate	0.50%	0.50%
Expected volatility	<u>32.1% to 40.0%</u>	<u>66.8%</u>

18 SHARE BASED PAYMENTS (continued)

The Fulham Shore SIP

The Fulham Shore SIP was introduced during the year ended 27 March 2015. Outstanding ordinary shares of 1 pence each granted under The Fulham Shore SIP as at 26 March 2017 are as follows:

	Year ended 26 March 2017 '000	Year ended 27 March 2016 '000
At the beginning of the year	591	–
Granted during the year (Free Shares)	–	591
At the end of the year	<u>591</u>	<u>591</u>

For the year ended 26 March 2017

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	–	97	591	–	97
	<u>591</u>	<u>–</u>	<u>97</u>	<u>591</u>	<u>–</u>	<u>97</u>

18 SHARE BASED PAYMENTS (continued)

For the year ended 27 March 2016

Range of exercise prices	SIP shares outstanding			SIP shares exercisable		
	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months	Number of shares '000	Weighted average exercise price £	Weighted average remaining contractual life months
Nil	591	–	109	591	–	109
	<u>591</u>	<u>–</u>	<u>109</u>	<u>591</u>	<u>–</u>	<u>109</u>

The fair value of the SIP shares is estimated at the date of grant using a Black-Scholes valuation model.

Expected life of SIP shares used in the model is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expected volatility was determined by calculating the historical 90 days volatility of the Group's share price over the previous 180 days. The inputs to the Black Scholes model were as follows:

	Year ended 26 March 2017	Year ended 27 March 2016
Weighted average expected life	–	3 years
Weighted average exercise price	–	Nil pence
Risk free rate	–	0.50%
Expected volatility	<u>–</u>	<u>68.8%</u>

Warrants

Outstanding share warrants in the Company to acquire ordinary shares of 1 pence each as at 26 March 2017 are as follows:

	26 March 2017 '000	27 March 2016 '000
At the beginning of the year	1,116	1,116
Exercised during the year	<u>(1,116)</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>1,116</u>

19 NOTE TO CASH FLOWS STATEMENTS

	Year ended 26 March 2017 £'000	Group Year ended 27 March 2016 £'000	Year ended 26 March 2017 £'000	Parent Year ended 27 March 2016 £'000
Reconciliation of net cash flows from operating activities				
Profit/(loss) before taxation	1,144	423	(583)	(899)
Adjustments				
Finance income	(1)	(4)	(261)	(1)
Finance costs	135	88	209	77
Depreciation and amortisation	3,269	2,772	20	11
Loss on disposal of fixed assets	2	–	–	–
Share based payments expense	631	639	199	191
Cost of acquisition	26	405	–	–
Operating cash flows before movements in working capital	5,206	4,323	(416)	(621)
Increase in inventories	(365)	(213)	–	–
(Increase)/decrease in trade and other receivables	(1,166)	131	19	135
Increase in trade and other payables	6,866	27	188	542
Cash generated from/(used in) operations	10,541	4,268	(209)	56
Income taxes paid	(268)	(550)	–	–
Net cash flow from operating activities	10,273	3,718	(209)	56

19 NOTE TO CASH FLOWS STATEMENTS (continued)

	Year ended 26 March 2017 £'000	Group Year ended 27 March 2016 £'000	Year ended 26 March 2017 £'000	Parent Year ended 27 March 2016 £'000
Cash flow from acquisition of subsidiaries				
Consideration paid on acquisition	(350)	(6,184)	–	(6,184)
Cash and cash equivalents acquired with subsidiaries	–	340	–	–
Cost of acquisition of subsidiary	(26)	(405)	–	(405)
Net cash flow from acquisition of subsidiaries	<u>(376)</u>	<u>(6,249)</u>	<u>–</u>	<u>(6,589)</u>

20 COMMITMENTS UNDER OPERATING LEASES

The Group had aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Land and buildings				
within one year	4,685	3,367	136	2
in two to five years	17,779	12,535	397	–
after five years	41,478	29,772	–	–
	<u>63,942</u>	<u>45,674</u>	<u>533</u>	<u>2</u>
Others				
within one year	21	23	–	–
	<u>21</u>	<u>23</u>	<u>–</u>	<u>–</u>
	<u>463,963</u>	<u>45,697</u>	<u>533</u>	<u>2</u>

Included above are certain annual lease commitments relating to a subsidiary company that have been guaranteed by the parent company.

Operating lease payments for land and buildings represent rent payable by the Group for a restaurant property. Leases either negotiated as a new lease or acquired through lease assignment have an average term of 20 years and rentals are fixed for an average of 5 years.

21 CAPITAL COMMITMENTS

The Group capital expenditure contracted for but not provided in the financial statements as follows:

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Committed new restaurant builds	<u>3,692</u>	<u>1,928</u>	<u>–</u>	<u>–</u>

22 RELATED PARTY DISCLOSURES

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group is provided in the Report on Directors Remuneration on pages 17 to 20, and in note 3. Details of share options granted to Directors are also shown in the Report on Directors Remuneration.

Other related party transactions

During the period, the Group provided restaurant management or operation services to the following companies in which DM Page and NAG Mankarious are directors and shareholders:

Amounts invoiced
(including VAT)

	Year ended 26 March 2017 £'000	Group Year ended 27 March 2016 £'000	Year ended 26 March 2017 £'000	Parent company Year ended 27 March 2016 £'000
Bukowski Limited	(3)	29	–	–
Wild Food Ideas Limited	12	19	–	–
	<u>9</u>	<u>48</u>	<u>–</u>	<u>–</u>

Amounts outstanding at
year end

	26 March 2017 £'000	Group 27 March 2016 £'000	26 March 2017 £'000	Parent company 27 March 2016 £'000
Bukowski Limited	1	10	–	–
Wild Food Ideas Limited	1	3	–	–
	<u>2</u>	<u>13</u>	<u>–</u>	<u>–</u>

22 RELATED PARTY DISCLOSURES (continued)

During the period, the Group was invoiced £98,000 (2016: £73,000) for the services of NJ Donaldson and a further £Nil (2016: £16,000) for corporate finance advisory services by London Bridge Capital Partners LLP, a company in which NJ Donaldson is a director, and the balance outstanding at 26 March 2017 was £33,000 (2016: £Nil).

During the period, the Group was invoiced £161,000 (2016: £14,000) for franchise fees and products by Bukowski Limited, a company in which NAG Mankarious is a director and DM Page and NAG Mankarious are shareholders. The balance outstanding at 26 March 2017 was £21,000 (2016: £14,000).

During the period, the Group was invoiced £643,000 (2016: £480,000) for restaurant management services by Room 307 Limited, a company in which NAG Mankarious and NCW Wong are directors and DM Page, NAG Mankarious and NCW Wong are shareholders. The balance outstanding at 26 March 2017 was £299,000 (2016: £45,000).

During the period the Group was invoiced £128,000 (2016: £77,000) for information technology services by Restaurants IT Limited, a company in which NCW Wong is a director and DM Page, NAG Mankarious and NCW Wong are shareholders. The balance outstanding at 26 March 2017 was £63,000 (2016: £19,000).

Transactions between the Company and its subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. During the year, the Company provided restaurant management services to the following subsidiaries:

Amounts invoiced (including VAT)	Parent company	
	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
FM98 LTD Limited	–	90
10DAS Limited	49	–
The Real Greek Food Company Limited	624	450
Franco Manca 2 UK Limited	794	421
	<u>1,467</u>	<u>961</u>

22 RELATED PARTY DISCLOSURES (continued)

During the year the Company also loaned amounts to the following subsidiaries:

Amounts loaned/(repaid)	Parent company	
	Year ended 26 March 2017 £'000	Year ended 27 March 2016 £'000
FM98 LTD Limited	–	(1,380)
10DAS Limited	324	86
The Real Greek Food Company Limited	(1,098)	(1,894)
Franco Manca 2 UK Limited	3,326	4,605
	<u>2,552</u>	<u>1,417</u>

Amounts outstanding at period end	Parent company	
	26 March 2017 £'000	27 March 2016 £'000
FM98 LTD Limited	–	–
10DAS Limited	902	66
The Real Greek Food Company Limited	(2,190)	(1,080)
Franco Manca 2 UK Limited	7,072	4,155
	<u>5,784</u>	<u>3,141</u>

The Company is a legal guarantor and a party to an agreement in which 10DAS Limited, a subsidiary company, entered into a new lease to acquire a restaurant space. The total potential aggregate minimum lease payments under this guarantee at the end of the period were £1,587,000 (2016: £1,712,000). This commitment is included in the Group disclosure in note 20.

23 ACQUISITION OF FM111 LIMITED

On 25 July 2016, the Group acquired the entire issued share capital of FM111 Limited for a consideration of £350,000 in cash.

The fair values allocated to the assets and liabilities acquired as at the date of the acquisition are as follows:

	25 July 2016 £'000
Property, plant and equipment	350
Total identifiable net assets	350
Goodwill on acquisition	—
Total consideration	350

Cost of acquisition

The costs of acquiring FM111 Limited, totalling £26,000, have been recognised in the consolidated statement of comprehensive income.

Results of the accounting acquiree

The results of the accounting acquiree have been included in the consolidated statement of comprehensive income since the acquisition date and has not generated any revenue or profit or loss for the period. If the accounting acquiree had been a member of the Group from the beginning of the period, it would not have generated any revenue or profit or loss for the period.

24 SUBSEQUENT EVENTS

On 31 March 2017, the Group amended and restated its revolving credit facility agreement of £6,000,000 with HSBC Bank PLC by increasing the facilities to £14,250,000 and extending for a term of four years. On the same date, the Group's overdraft facility was increase to £750,000 and renewed for a year.

THE FULHAM SHORE PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

DM Page	Chairman
NAG Mankarious	Managing Director
NJ Donaldson	Director
NCW Wong	Finance Director
MA Chapman	Non-executive Director
DAL Gunewardena	Non-executive Director

REGISTERED OFFICE

1st Floor
50-51 Berwick Street
London W1F 8SJ

AUDITOR

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

**NOMINATED ADVISER, JOINT
FINANCIAL ADVISER AND BROKER**

Allenby Capital Limited
3 St. Helen's Place
London EC3A 6AB

REGISTRARS

Equiniti David Venus Limited
(trading as SLC Registrars)
Ashley Park House,
42-50 Hersham Road
Walton-on-Thames
Surrey, KT12 1RZ

COMPANY SECRETARY

NJ Donaldson

REGISTERED IN ENGLAND

Number 07973930

SOLICITORS

Marriott Harrison LLP
11 Staple Inn
London WC1V 7QH

JOINT FINANCIAL ADVISER

London Bridge Capital Partners LLP
Gilmoora House
57-61 Mortimer Street
London W1W 8HS

BANKERS

HSBC Bank PLC
70 Pall Mall
London
SW1Y 5EY

THE FULHAM SHORE PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 10.30am on 6 September 2017 at The Real Greek, 1-2, Riverside House, 2A Southwark Bridge Rd, London SE1 9HA to consider, and if thought fit, pass the following resolutions. Resolutions 1, 2, 3, 4, 5, 6 and 7 shall be proposed as ordinary resolutions and resolution 8 as a special resolution:

ORDINARY RESOLUTIONS

1. to receive and adopt the Report of the Directors, the financial statements and the report of the auditors for the period ended 26 March 2017.
2. to receive and approve the Report on Directors' Remuneration for the period ended 26 March 2017.
3. to re-appoint Mr Nicholas Wong, who retires by rotation under the Company's Articles of Association as a director of the Company.
4. to re-appoint Mr Martin Chapman, who retires by rotation under the Company's Articles of Association as a director of the Company.
5. To re-appoint Mr Desmond Gunewardena, who was appointed a director of the Company during the year.
6. to re-appoint RSM UK Audit LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to determine their remuneration.
7. in accordance with section 551 of the Companies Act 2006, the directors of the Company (the "Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company with the meaning of that section on and subject to such terms as the Directors may determine up to an aggregate nominal amount of £2,856,926.00 provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted and the Directors may allot shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

8. subject to and conditional upon the passing of resolution 7 and in accordance with section 570 of the Companies Act 2006 (the "Act"), the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by resolution 6, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £857,078.00. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

BY ORDER OF THE BOARD

DM Page
Chairman
1st Floor
50-51 Berwick Street
London W1F 8SJ

11 July 2017

THE FULHAM SHORE PLC

NOTICE OF ANNUAL GENERAL MEETING

Notes

1. Shareholders entitled to attend and vote at the AGM may appoint a proxy or proxies to attend and speak on their behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company.
2. To appoint more than one proxy you may photocopy the proxy form which accompanies this notice. Investors who hold their shares through a nominee may wish to attend the AGM as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker.
3. Completion of the proxy form will not prevent a shareholder from attending and voting at the AGM if subsequently he/she finds they are able to do so. To be effective, it must be deposited at Equiniti David Venus Limited (trading as SLC Registrars), 42-50 Hershaw Road, Walton-on-Thames, Surrey, KT12 1RZ by not later than 10.30am on 4 September 2017 or, in the case of an adjournment, 48 hours prior to the time of the adjourned AGM (Saturdays and Public Holidays excluded).
4. Representatives of shareholders which are corporations attending the AGM should produce evidence of their appointment by an instrument executed in accordance with section 44 of the Companies Act 2006 or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with article 83 of the Company's Articles of Association.
5. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the chairman of the AGM as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the AGM, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the AGM but the corporate shareholder has not appointed the chairman of the AGM as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure.
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those holders of ordinary shares in the capital of the Company registered in the register of members of the Company at 6.00pm on 4 September 2017 (being 48 hours prior to the time fixed for the AGM) shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 6.00pm on 4 September 2017 shall be disregarded in determining the rights of any person to attend or vote at the AGM.
7. Details of those Directors seeking re-election are given on page 11 of the Report and Financial Statements. The details of the service contracts for the Executive Directors are set out in the Report on Directors' Remuneration on pages 17 to 20 of the Report and Financial Statements. The Register of Directors' Interests and the Directors' service agreements will be available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excluded) at the registered office of the Company until the date of the Annual General Meeting and at the place of the meeting for 15 minutes prior to and until the termination of the meeting.

