**The Fulham Shore plc**
("**Fulham Shore**", the "**Company**" or "**Group**")

**Final Results**

The Directors of Fulham Shore are pleased to announce the Company's audited results for the year ended 27 March 2016.

## Background

The Fulham Shore PLC 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 34 restaurants: 9 The Real Greek (www.therealgreek.com); 24 Franco Manca (www.francomanca.co.uk); and 1 Bukowski Grill.

## Highlights

- Acquisition of 99% of the issued share capital of Franco Manca Holdings Limited, the owner of the Franco Manca group of restaurants in April 2015
- Revenues for the 12 months ended 27 March 2016 of £29,251,000 (9 months ended 29 March 2015: £8,310,000)
- Headline EBITDA for the 12 months ended 27 March 2016 of £5,232,000 (9 months ended 29 March 2015: £1,297,000)
- Headline Operating Profit for the 12 months ended 27 March 2016 of £3,280,000 (9 months ended 29 March 2015: £790,000)
- Operating Profit for the 12 months ended 27 March 2016 of £507,000 (9 months ended 29 March 2015: £25,000) after incurring £405,000 of costs in relation to the acquisition of Franco Manca Holdings Limited (9 months ended 29 March 2015: £374,000 of costs in relation to the reverse acquisition of Kefi Limited)
- Net debt as at 27 March 2016 of £3,283,000 (29 March 2015: net cash of £3,029,000)
- Opened 7 new Franco Manca pizzeria, 1 new The Real Greek and 1 Bukowski Grill franchise during the year ended 27 March 2016 (9 months ended 29 March 2015: 1 The Real Greek)
- Since the year end:
    - the opening of a further 5 Franco Manca restaurants; and
    - introduction of online takeaway ordering platform for Franco Manca.

David Page, Chairman, commented: “Sites are available, our restaurants are busy and popular, our prices are good value and our staff are well motivated. We therefore look forward to the further expansion of our Franco Manca and The Real Greek businesses during the current year.”


Contact:

| | |
|---|---|
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| Nick Naylor / Jeremy Porter / James Reeve | |

# CHAIRMAN'S STATEMENT

Your board is pleased to report on a busy 12 months for Fulham Shore. We now operate three distinct restaurant concepts: Franco Manca, The Real Greek and 1 Bukowski Grill franchise.

**Corporate activity**

*Acquisition of Franco Manca*
On 21 April 2015, the Company acquired 99% of the issued share capital of Franco Manca Holdings Limited, the owner of the eponymous sourdough pizzeria business, Franco Manca. Together with the acquisition of The Real Greek in the previous year, we now own and operate two restaurant businesses with good growth prospects.

*Franchise agreement with Bukowski*
During the year, the Group entered into a franchise agreement with Bukowski Grill restaurants, a London based charcoal-grill restaurant and bar, serving breakfasts, burgers and grills. In February 2016, the Group opened a new Bukowski restaurant on D'Arblay Street in Soho, London.

**Trading**

Fulham Shore has this year reported its first annual profit since its inception in 2012. I thank all the teams in our businesses for their hard work and enthusiasm.

Revenue for the year ended 27 March 2016 was £29,251,000 (9 months ended 29 March 2015: £8,310,000) and Headline Operating Profit for the same period was £3,280,000 (9 months ended 29 March 2015: £790,000).

During the year, the Group owned and benefited from a full year contribution from The Real Greek and just over 11 months' contribution from Franco Manca. We opened 1 The Real Greek, 7 Franco Manca pizzeria and 1 Bukowski Grill under franchise in the year, taking the total restaurants operated by the Group to 29 (2015: 8 restaurants) at year end.

**Cash flow**

During the year ended 27 March 2016, net cash inflow from operations was £3,718,000 (9 months ended 29 March 2015: £1,098,000). During the year, we invested £7,085,000 (9 months ended 29 March 2015: £1,178,000) on property, plant and equipment. Overall, there was a net cash outflow of £4,262,000 (9 months ended 29 March 2015: inflow of £2,275,000) resulting in net debt as at 27 March 2016 of £3,283,000 (as at 29 March 2015: net cash £3,029,000). Our bank, HSBC, has been supportive throughout the year and remains so.

**Current trading and outlook**

Since the year end, we have opened 5 new Franco Manca in Guildford, Brighton, Muswell Hill, Kilburn, and Tooting Market, taking the number of restaurants currently operated by the Group to 34. This is made up of 24 Franco Manca, 9 The Real Greek and 1 Bukowski Grill.

*Franco Manca*
We are also building 2 more Franco Manca pizzeria, in Kentish Town and Bromley, which will open later in July 2016. The new financial year has seen the first openings by Franco Manca outside London in Guildford and Brighton. We have been encouraged by how well our Neapolitan sourdough pizza have been received by the local customers in these towns.

We have therefore recently exchanged contracts on sites for Franco Manca in Southampton and Reading, in addition to new London locations, which include Victoria and Putney, adding to the pipeline for the current and next financial years.

The Franco Manca business model is simple: we continue to offer hand crafted sourdough pizza at attractive prices which, with some of the freshest and best ingredients we can source and daily 'made-on-site' sourdough, leads to high customer satisfaction and steady repeat business.

We intend to expand Franco Manca nationally, as and when we identify suitable locations. Retail and restaurant locations are becoming readily more available as the demise of various retail businesses continues under the pressure of internet shopping.

*Franco Manca online ordering and delivery*
We commenced an on-line ordering service in June – order.francomanca.co.uk – which has proved a hit with customers who wish to click, pay and collect.

We also intend to trial a delivery platform with the aid of Deliveroo in August, initially with five Franco Manca pizzeria. More sites will follow if the trial is successful.

*The Real Greek*
The Real Greek is currently building a restaurant in Muswell Hill, North London which will open in the autumn. We have signed a new site in the new Boxpark Croydon development where we will be trialling a new "Greek on the Street" business model. This is more suited for small sites and will be a complementary extension for The Real Greek. We intend to continue to expand The Real Greek nationally.

Today we are launching The Real Greek cookbook in conjunction with our consultant chef Tonia Buxton, considered by many to be the premier Greek chef in the UK.

*Bukowski Grill*
The Bukowski Grill franchise we operate on D'Arblay Street, Soho continues to grow. It is still early days, and we are monitoring closely the performance of this restaurant before considering any next steps. We also serve breakfast at this restaurant and by doing so we are gaining valuable experience in this rapidly growing part of the eating out space.

*Employees*
We have cosmopolitan teams in each of our businesses. Following the introduction of the government National Living Wage, in April 2016, we introduced a policy such that all of our staff are paid at or above the National Living Wage, irrespective of age even though the new rules only apply to the over 25s.

Our enthusiastic staff are essential to us and we have not reduced any of their other entitlements to fund this additional cost. Just as importantly, across all the businesses, our staff keep all their tips. The customer/server relationship is therefore direct and without any financial interference from ourselves.

In addition, we incentivised all our staff by gifting shares in Fulham Shore, if they wanted them, to all those working for us when we acquired Franco Manca in April 2015. We continue to look at ways to further incentivise our teams as the businesses grow.

*Brexit*
We noted the narrow majority for Brexit in June and can only assume that the turbulence that this may cause to parts of the restaurant industry and the UK economy in general will last some time. However we feel that, as in previous periods of economic disruption, the restaurant businesses that offer best price / best product will prosper, as customers turn to real value.

*Expectations*
Sites are available, our restaurants are busy and popular, our prices are good value and our staff are well motivated. We therefore look forward to the further expansion of our Franco Manca and The Real Greek businesses during the current year.

**DM Page**
Chairman

13 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 27 March 2016

| | Notes | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Revenue** | 1 | 29,251 | 8,310 |
| Cost of sales | | (15,970) | (4,485) |
| **Gross profit** | | 13,281 | 3,825 |
| Administrative expenses | | (10,001) | (3,035) |
| **Headline operating profit** | | 3,280 | 790 |
| Share based payments | | (639) | (194) |
| Pre-opening costs | | (908) | (195) |
| Loss on disposal of property, plant and equipment | | - | (2) |
| Amortisation of brand | | (821) | - |
| Exceptional costs – cost of reverse acquisition | | - | (374) |
| Exceptional costs – cost of acquisition | | (405) | - |
| **Operating profit** | 2 | 507 | 25 |
| Finance income | | 4 | 6 |
| Finance costs | 4 | (88) | (27) |
| **Profit before taxation** | | 423 | 4 |
| Income tax expense | 5 | (347) | (118) |
| **Profit/(loss) for the year** | | 76 | (114) |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the company | | 56 | (118) |
| Non-controlling interests | | 20 | 4 |
| | | 76 | (114) |
| Profit/(loss) per share | | | |
| Basic | 6 | 0.0p | (0.0p) |
| Diluted | 6 | 0.0p | (0.0p) |
| Headline Basic | 6 | 0.5p | 0.2p |
| Headline Diluted | 6 | 0.4p | 0.2p |

There were no other comprehensive income items.

All operating gains and losses relate to continuing activities.

CONSOLIDATED AND COMPANY BALANCE SHEETS
27 March 2016

| | | Group | | Parent company | |
|---|---|---|---|---|---|
| | *Notes* | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| **Non-current assets** | | | | | |
| Intangible assets | 7 | 28,135 | 3,292 | - | - |
| Property, plant and equipment | 8 | 16,733 | 4,898 | 11 | 19 |
| Investments in subsidiaries | 9 | - | - | 42,579 | 14,261 |
| Trade and other receivables | 11 | 934 | 332 | 4,324 | 1,897 |
| Deferred tax assets | 16 | 894 | 193 | 825 | 193 |
| | | 46,696 | 8,715 | 47,739 | 16,370 |
| **Current assets** | | | | | |
| Inventories | 10 | 687 | 261 | - | - |
| Trade and other receivables | 11 | 1,448 | 1,172 | 119 | 255 |
| Cash and cash equivalents | 12 | 197 | 3,889 | - | 98 |
| | | 2,332 | 5,322 | 119 | 353 |
| **Total assets** | | 49,028 | 14,037 | 47,858 | 16,723 |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | (6,165) | (2,736) | (732) | (191) |
| Income tax payable | | (630) | (490) | - | - |
| Borrowings | 14 | (570) | (350) | (200) | - |
| | | (7,365) | (3,576) | (932) | (191) |
| **Net current (liabilities)/assets** | | (5,033) | 1,746 | (813) | 162 |
| **Non-current liabilities** | | | | | |
| Borrowings | 14 | (2,910) | (510) | (4,003) | - |
| Deferred tax liabilities | 16 | (2,057) | (470) | - | - |
| | | (4,967) | (980) | (4,003) | - |
| **Total liabilities** | | (12,332) | (4,556) | (4,935) | (191) |
| **Net assets** | | 36,696 | 9,481 | 42,923 | 16,532 |
| **Equity** | | | | | |
| Share capital | 17 | 5,692 | 3,325 | 5,692 | 3,325 |
| Share premium | | 6,866 | 2,650 | 6,866 | 2,650 |
| Merger relief reserve | | 30,459 | 11,113 | 30,459 | 11,113 |
| Reverse acquisition reserve | | (9,469) | (9,469) | - | - |
| Retained earnings | | 3,078 | 1,840 | (94) | (556) |
| Equity attributable to owners of the company | | 36,626 | 9,459 | 42,923 | 16,532 |
| Non-controlling interest | | 70 | 22 | - | - |
| **Total Equity** | | 36,696 | 9,481 | 42,923 | 16,532 |

The financial statements were approved by the board of Directors and authorised for issue on 13 July 2016 and are signed on its behalf by:

**DM Page**
Chairman

Company registration number: 07973930

# CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
for the year ended 27 March 2016

| | Share Capital £'000 | Share Premium £'000 | Merger Relief Reserve £'000 | Reverse Acquisition Reserve £'000 | Retained Earnings £'000 | Non-Controlling Interests £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|
| **At 29 June 2014** | 835 | 1,313 | - | (717) | 1,579 | 18 | 3,028 |
| (Loss)/profit for the period | - | - | - | - | (118) | 4 | (114) |
| **Total comprehensive income for the period** | - | - | - | - | (118) | 4 | (114) |
| Transactions with owners | | | | | | | |
| Ordinary shares issued (net of expenses) | 2,490 | 1,337 | 11,113 | - | - | - | 14,940 |
| Share based payments | - | - | - | - | 194 | - | 194 |
| Deferred tax on share based payments | - | - | - | - | 185 | - | 185 |
| Reverse acquisition adjustment | - | - | - | (8,752) | - | - | (8,752) |
| **Total transactions with owners** | 2,490 | 1,337 | 11,113 | (8,752) | 379 | - | 6,567 |
| **At 29 March 2015** | 3,325 | 2,650 | 11,113 | (9,469) | 1,840 | 22 | 9,481 |
| Profit for the period | - | - | - | - | 56 | 20 | 76 |
| **Total comprehensive income for the period** | - | - | - | - | 56 | 20 | 76 |
| 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 | - | - | - | - | 543 | - | 543 |
| Non-controlling interests adjustment | - | - | - | - | - | 28 | 28 |
| **Total transactions with owners** | 2,367 | 4,216 | 19,346 | - | 1,182 | 28 | 27,139 |
| **At 27 March 2016** | 5,692 | 6,866 | 30,459 | (9,469) | 3,078 | 70 | 36,696 |

COMPANY STATEMENT OF CHANGE IN EQUITY
for the year ended 27 March 2016

| | Share Capital £'000 | Share Premium £'000 | Merger Relief Reserve £'000 | Retained Earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|
| **At 30 March 2014** | 835 | 1,313 | - | (324) | 1,824 |
| Loss for the year | - | - | - | (450) | (450) |
| **Total comprehensive income for the year** | - | - | - | (450) | (450) |
| Transactions with owners | | | | | |
| Ordinary shares issued (net of expenses) | 2,490 | 1,337 | 11,113 | - | 14,940 |
| Share based payments | - | - | - | 33 | 33 |
| Deferred tax on share based payments | - | - | - | 185 | 185 |
| **Total transactions with owners** | 2,490 | 1,337 | 11,113 | 218 | 15,158 |
| **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 |

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
for the year ended 27 March 2016

| | Notes | Group Year ended 27 March 2016 | Group Nine months ended 29 March 2015 | Parent Year ended 27 March 2016 | Parent Year ended 29 March 2015 |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| **Net cash flow from operating activities** | 19 | 3,718 | 1,098 | 56 | (1,628) |
| **Investing activities** | | | | | |
| Acquisition of property, plant and equipment | | (7,085) | (1,178) | (3) | (1) |
| Cash flow from acquisition of subsidiaries | 19 | (6,249) | 2,613 | (6,589) | (927) |
| Loan to subsidiary undertakings | | - | - | (1,244) | - |
| Net cash flow (used in)/from investing activities | | (13,334) | 1,435 | (7,836) | (928) |
| **Financing activities** | | | | | |
| Proceeds from issuance of new ordinary shares (net of expenses) | | 4,648 | 125 | 4,648 | 1,605 |
| Repayments of bank borrowings | | (2,120) | (362) | - | - |
| Capital received from bank borrowings | | 2,910 | - | 2,910 | - |
| Interest received | | 4 | 6 | 1 | 2 |
| Interest paid | | (88) | (27) | (77) | (4) |
| Net cash flow from financing activities | | 5,354 | (258) | 7,482 | 1,603 |
| **Net (decrease)/increase in cash and cash equivalents** | | (4,262) | 2,275 | (298) | (953) |
| **Cash and cash equivalents at the beginning of the period** | 12 | 3,889 | 1,614 | 98 | 1,051 |
| **Cash and cash equivalents at the end of the period** | 12 | (373) | 3,889 | (200) | 98 |

## GENERAL INFORMATION

The Fulham Shore PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the AIM Market.

## BASIS OF PREPARATION

The above audited financial information does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The above figures for the period ended 27 March 2016 have been extracted from the Group's financial statements which have been reported on by the Group's auditors and received an audit opinion which was unqualified. The Group's statutory financial statements for the period ended 29 March 2015 have been lodged with the Registrar of Companies. These financial statements received an audit report which was unqualified and did not include any reference to matters to which the auditors drew attention by way of emphasis without qualifying their report or a statement under section 498(2) or section 498(3) of the Companies Act 2006. These financial statements will be dispatched to the shareholders and filed with the Registrar of Companies. The preliminary announcement was approved by the Board and authorised for issue on 13 July 2016.

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 (see note 23).

The Fulham Shore PLC is presenting audited financial statements for the year ended 27 March 2016. The comparative period presented is audited financial statements as of and for the nine months ended 29 March 2015.

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 27 March 2016 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 5 (Amendment) | Non-current assets held for sale or discontinued operations |
| IFRS 7 (Amendment) | Financial instruments disclosures |
| IFRS 9 | Financial instruments |
| IFRS 10 (Amendment) | Investment entities: applying the consolidation exception |
| IFRS 12 (Amendment) | Investment entities: applying the consolidation exception |
| IFRS 14 | Regulatory deferral accounts |
| IFRS 15 | Revenue from contracts with customers |
| IFRS 16 | Leases |
| IAS 1 (Amendment) | Disclosure initiative |
| IAS 7 (Amendment) | Disclosure initiative |
| IAS 12 (Amendment) | Recognition of deferred tax assets for unrealised losses |
| IAS 16 (Amendment) | Clarification of acceptable methods of depreciation and amortisation |
| IAS 16 (Amendment) | Agriculture: Bearer plants |
| IAS 19 (Amendment) | Employee benefits |
| IAS 27 (Amendment) | Equity method in separate financial statements |

| | |
|---|---|
| IAS 28 (Amendment) | Investment entities: applying the consolidation exception |
| IAS 34 (Amendment) | Interim financial reporting |
| IAS 38 (Amendment) | Clarification of acceptable methods of depreciation and amortisation |
| IAS 41 (Amendment) | Agriculture: Bearer plants |

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 9 to 12 and after reviewing the Group's net current liabilities position as at 27 March 2016, the budget for the next financial year, other longer term plans and financial resources including undrawn but available facilities described in note 14, 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 during the period 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 March 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.

*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.

*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.

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.

*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.

*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 27 March 2016 with the comparative nine month period to 29 March 2015.

The Company accounts have been prepared for the year from 30 March 2015 to 27 March 2016 with the comparative period being from 31 March 2014 to 29 March 2015.

**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 - Reverse acquisition and intangible assets*
The Group applied the principles of IFRS 3's reverse acquisition accounting in respect of the acquisition of Kefi Limited during the nine months ended 29 March 2015. The key judgements involved were the identification and valuation of intangible assets which required the estimation of future cash flows 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 public listing, and has been treated as an administrative expense. Further information can be found in note 23.

*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. Further information can be found in note 24.

*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.

*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 27 March 2016. 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 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/(loss) 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 |

## 1 SEGMENT INFORMATION (continued)

For the nine months ended 29 March 2015:

| | The Real Greek £'000 | Franco Manca £'000 | All other Segments £'000 | Total £'000 |
|---|---|---|---|---|
| External revenue | 7,464 | 846 | - | 8,310 |
| Headline EBITDA | 1,192 | 254 | (149) | 1,297 |
| Depreciation and amortisation | (302) | (16) | (189) | (507) |
| Headline operating profit | 890 | 238 | (338) | 790 |
| Operating profit | 600 | 236 | (811) | 25 |
| Finance income | 3 | 2 | 1 | 6 |
| Finance costs | (23) | - | (4) | (27) |
| Segment profit/(loss) before tax | 580 | 238 | (814) | 4 |
| Income tax expense | | | | (118) |
| Loss for the period | | | | (114) |
| Assets | 8,297 | 4,946 | 794 | 14,037 |
| Liabilities | (3,673) | (301) | (582) | (4,556) |
| Net assets | 4,624 | 4,645 | 212 | 9,481 |
| Capital expenditure | 1,035 | 8 | 135 | 1,178 |

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

## 2 OPERATING PROFIT

| | Year ended 27 March 2016 £'000 | Nine months ended 29 March 2015 £'000 |
|---|---|---|
| Operating profit is stated after charging/(crediting): | | |
| Staff costs (note 3) | 10,362 | 2,785 |
| Depreciation of property, plant and equipment | 1,516 | 326 |
| Amortisation of intangible assets | 1,256 | 181 |
| Operating lease rentals: | | |
| Land and buildings | 1,313 | 777 |
| Inventories – amounts charged as an expense | 6,047 | 2,005 |
| Auditor's remuneration: | | |
| - for statutory audit services | 77 | 32 |
| - for tax services | 28 | 20 |
| - for transactional services | 85 | 75 |
| Share based payments | 639 | 194 |
| Pre-opening costs | 908 | 195 |
| Loss on disposal of property, plant and equipment | - | 2 |
| Bad debt provision written back | - | (16) |
| Exceptional costs – reverse acquisition costs | - | 374 |
| Exceptional costs –acquisition costs | 405 | - |

## 3 EMPLOYEES

| | Year ended 27 March 2016 No. | Nine months ended 29 March 2015 No. |
|---|---|---|
| The average monthly number of persons (including Directors) employed by the company during the period was: | | |
| Administration and management | 15 | 4 |
| Restaurants | 555 | 227 |
| | 570 | 231 |

## 3 EMPLOYEES (continued)

| | Year ended 27 March 2016 £'000 | Nine months ended 29 March 2015 £'000 |
|---|---|---|
| Staff costs for above persons | | |
| Salaries and fees | 9,612 | 2,582 |
| Social security costs | 710 | 190 |
| Share based payments | 639 | 194 |
| Defined contribution pension costs | 40 | 13 |
| | 11,001 | 2,979 |

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 14 to 17.

| | Year ended 27 March 2016 £'000 | Nine months ended 29 March 2015 £'000 |
|---|---|---|
| Salaries, fees and other short term employee benefits | 659 | 336 |
| Share based payments | 452 | 24 |
| | 1,111 | 360 |

No directors exercised any share options in the period ended 27 March 2016 (2015: £Nil) and no directors received any pension benefits.

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

## 4 FINANCE COSTS

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £'000 | £'000 |
| Interest expenses on bank loans and overdrafts | 88 | 27 |
| | 88 | 27 |

## 5 INCOME TAX EXPENSE

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £'000 | £'000 |
| Based on the result for the period: | | |
| UK corporation tax at 20% (2015: 21%) | 588 | 164 |
| Adjustment in respect of prior periods | (51) | (42) |
| Total current taxation | 537 | 122 |
| Deferred taxation: | | |
| Origination and reversal of temporary timing differences | (190) | (4) |
| Total deferred tax | (190) | (4) |
| Total tax expense on profit on ordinary activities | 347 | 118 |

## 5 INCOME TAX EXPENSE (continued)

| Factors affecting tax charge for year: | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £'000 | £'000 |
| Profit before taxation | 423 | 4 |
| Taxation at UK corporation tax rate of 20% (2015: 21%) | 85 | 1 |
| Expenses not deductible for tax purposes | 29 | 80 |
| Depreciation on non-qualifying fixed assets | 237 | 39 |
| Share based payments not previously recognised | 49 | 42 |
| Tax losses utilised not previously recognised | (2) | (2) |
| Adjustment to tax charge in respect of previous periods | (51) | (42) |
| Total income tax expense in the income statement | 347 | 118 |

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

## 6 EARNINGS PER SHARE

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £'000 | £'000 |
| Profit/(loss) for the purposes of basic and diluted earnings per share: | 56 | (118) |
| Share based payments | 639 | 194 |
| Deferred tax on share based payments | (135) | (8) |
| Pre-opening costs | 908 | 195 |
| Loss on disposal of property, plant and equipment | - | 2 |
| Amortisation of brand | 821 | - |
| Deferred tax on amortisation of brand | (137) | - |
| Exceptional costs – reverse acquisition costs | - | 374 |
| Exceptional costs – cost of acquisition | 405 | - |
| Headline profit for the period for the purposes of headline basic and diluted earnings per share: | 2,557 | 639 |

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | No. '000 | No. '000 |
| Weighted average number of ordinary shares in issue for the purposes of basic earnings per share | 554,811 | 287,113 |
| Effect of dilutive potential ordinary shares from share options | 29,553 | 17,606 |
| Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share | 584,364 | 304,719 |

## 6 EARNINGS PER SHARE (continued)

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

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| Earnings per share: | | |
| Basic | 0.0p | (0.0p) |
| Diluted | 0.0p | (0.0p) |
| Headline Basic | 0.5p | 0.2p |
| Headline Diluted | 0.4p | 0.2p |

## 7 INTANGIBLE ASSETS

| Group | Trademarks, License and franchises £'000 | Brand £'000 | Goodwill £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| 29 June 2014 | 28 | - | 107 | 135 |
| Additions due to business combination | 1,681 | - | 1,667 | 3,348 |
| 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 |
| Accumulated amortisation | | | | |
| 29 June 2014 | 10 | - | - | 10 |
| Charge in the period | 181 | - | - | 181 |
| 29 March 2015 | 191 | - | - | 191 |
| Charge in the year | 435 | 821 | - | 1,256 |
| 27 March 2016 | 626 | 821 | - | 1,447 |
| Net book value | | | | |
| 27 March 2016 | 1,113 | 7,390 | 19,632 | 28,135 |
| 29 March 2015 | 1,518 | - | 1,774 | 3,292 |

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. Further information for the reverse acquisition of The Fulham Shore PLC can be found in note 23. The goodwill is attributable to the value of the listing of The Fulham Shore PLC.

Goodwill of £17,858,000 relates to the acquisition of Franco Manca Holdings Limited ("Franco Manca Holdings"). Further information for the acquisition of Franco Manca Holdings can be found in note 24. The goodwill is attributable to the cash generating units held within Franco Manca 2 UK Limited.

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

## 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 June 2014 | 3,878 | 292 | 341 | 3 | 4,514 |
| On acquisition | 147 | 72 | 31 | - | 250 |
| Additions | 573 | 93 | 42 | 470 | 1,178 |
| Disposals | 3 | - | - | (3) | - |
| 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 |
| Accumulated depreciation | | | | | |
| 29 June 2014 | 509 | 131 | 78 | - | 718 |
| Charge in the period | 229 | 59 | 38 | - | 326 |
| 29 March 2015 | 738 | 190 | 116 | - | 1,044 |
| Charge in the period | 1,043 | 358 | 115 | - | 1,516 |
| 27 March 2016 | 1,781 | 548 | 231 | - | 2,560 |
| Net book value | | | | | |
| 27 March 2016 | 13,054 | 1,549 | 587 | 1,543 | 16,733 |
| 29 March 2015 | 3,863 | 267 | 298 | 470 | 4,898 |

## 8 PROPERTY, PLANT AND EQUIPMENT (continued)

| Parent Company | Leasehold improvements £'000 | Plant and equipment £'000 | Furniture, fixtures and fittings £'000 | Total £'000 |
|---|---|---|---|---|
| Cost | | | | |
| 30 March 2014 | 3 | 27 | 8 | 38 |
| Additions | - | 1 | - | 1 |
| Reclassification | | | | |
| 29 March 2015 | 3 | 28 | 8 | 39 |
| Additions | - | 1 | 2 | 3 |
| 27 March 2016 | 3 | 29 | 10 | 42 |
| Accumulated depreciation | | | | |
| 30 March 2014 | 1 | 8 | 1 | 10 |
| Charge in the period | 1 | 8 | 1 | 10 |
| 29 March 2015 | 2 | 16 | 2 | 20 |
| Charge in the period | 1 | 9 | 1 | 11 |
| 27 March 2016 | 3 | 25 | 3 | 31 |
| Net book value | | | | |
| 27 March 2016 | - | 4 | 7 | 11 |
| 29 March 2015 | 1 | 12 | 6 | 19 |

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

| | 27 March 2016 £'000 | 29 March 2015 £'000 |
|---|---|---|
| Parent Company | | |
| Cost and net book value | | |
| Opening position | 14,261 | - |
| Investment in subsidiaries | 28,318 | 14,261 |
| Closing position | 42,579 | 14,261 |

As at 27 March 2016, the Company had the following subsidiary undertakings:

| Name of subsidiary | Class of Holding | Proportion of shares held, ownership interest and voting power | Nature of business |
|---|---|---|---|
| *Incorporated in England and Wales* | | | |
| 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% | Management of restaurants |
| 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% | Management of restaurants |
| Franco Manca 2 UK Limited | Ordinary | 99% | Operation of restaurants |
| FM6 Limited | Ordinary | 99% | Restaurant property |
| Franco Manca International Limited | Ordinary | 99% | Dormant |

* Held by subsidiary undertaking

## 10 INVENTORIES

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Raw materials and consumables | 687 | 261 | - | - |

## 11 TRADE AND OTHER RECEIVABLES

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Included within non-current assets: | | | | |
| Amounts receivable from subsidiaries | - | - | 4,324 | 1,897 |
| Other receivables | 934 | 332 | - | - |
| | 934 | 332 | 4,324 | 1,897 |
| Included within current assets: | | | | |
| Trade receivables | 474 | 344 | - | 180 |
| Other receivables | 111 | 34 | - | - |
| Other taxation and social security costs | - | - | 21 | 10 |
| Prepayments and accrued income | 863 | 794 | 98 | 65 |
| | 1,448 | 1,172 | 119 | 255 |
| | 2,382 | 1,504 | 4,443 | 2,152 |

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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Cash at bank and in hand | 197 | 3,889 | - | 98 |
| Cash and cash equivalents as presented in the balance sheet | 197 | 3,889 | - | 98 |
| Bank overdraft | (570) | - | (200) | - |
| | (373) | 3,889 | (200) | 98 |

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 their fair value.

## 13 TRADE AND OTHER PAYABLES

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Included in current liabilities: | | | | |
| Trade payables | 2,555 | 1,560 | 115 | 37 |
| Other taxation and social security payable | 716 | 260 | 21 | 19 |
| Other payables | 155 | 88 | 150 | - |
| Accruals and deferred income | 2,739 | 828 | 446 | 135 |
| | 6,165 | 2,736 | 732 | 191 |

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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Short term borrowings: | | | | |
| Bank overdraft | 570 | - | 200 | - |
| Bank loans | - | 350 | - | - |
| | 570 | 350 | 200 | - |
| Long term borrowings: | | | | |
| Bank loans | 2,910 | 510 | 2,910 | - |
| Amounts owed to subsidiary undertakings | - | - | 1,093 | - |
| | 2,910 | 510 | 4,003 | - |
| | 3,480 | 860 | 4,203 | - |

As at 27 March 2016, the Group's committed Sterling borrowing facilities comprises a revolving credit facility of £6,000,000 (2015: £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.

## 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 had the following financial assets and liabilities:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| *Non-current financial assets* | | | | |
| *Amounts owed by subsidiary undertakings* | | | 4,324 | 1,897 |
| *Other receivables* | 934 | 332 | - | - |
| *Current financial assets* | | | | |
| Cash at bank and in hand | 197 | 3,889 | - | 98 |
| Trade and other receivables* | 585 | 378 | - | 180 |
| | 1,716 | 4,599 | 4,324 | 2,175 |
| *Current financial liabilities* | | | | |
| Bank loans and overdrafts | 570 | 350 | 200 | - |
| Trade and other payables** | 5,346 | 2,476 | 711 | 172 |
| *Non-current financial liabilities* | | | | |
| Bank loans | 2,910 | 510 | 2,910 | - |
| Amounts owed to subsidiary undertakings | - | - | 1,093 | - |
| | 8,826 | 3,336 | 4,914 | 172 |

* excludes other taxation and social security receivable, prepayments and accrued income 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 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 and overdrafts | (570) | (2,910) | - | (3,480) |
| Trade and other payables | (5,346) | - | - | (5,346) |
| | (5,134) | (2,693) | 717 | (7,110) |

For the period ended 29 March 2015

| | Less than 1 year £'000 | Between 1 and 5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 3,889 | - | - | 3,889 |
| Trade and other receivables | 378 | 41 | 291 | 710 |
| Bank loans | (350) | (510) | - | (860) |
| Trade and other payables | (2,476) | - | - | (2,476) |
| | 1,441 | (469) | 291 | 1,263 |

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 had an un-drawn committed long term revolving credit facility of £6,000,000 (2015: £6,000,000) and short term bank overdraft facilities available to manage its liquidity as at 27 March 2016 of £500,000 (2015: £500,000).

## 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:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| *Floating rate* | | | | |
| Cash at bank and in hand | 197 | 3,889 | 98 | 98 |
| Bank overdraft | (570) | - | (200) | - |
| Bank loans | (2,910) | (860) | (2,910) | - |
| | (3,283) | 3,029 | (3,012) | 98 |

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 27 March 2016 were 2.0% and period ended 29 March 2015 were 3.0% and the weighted average interest rates paid for bank overdrafts during the period ended 27 March 2016 were 2.5% and period ended 29 March 2015 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 £14,000 (2015: £5,000).

*Foreign Exchange Risks*
During the periods ended 27 March 2016 and 29 March 2015, 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:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Cash at bank and in hand | 197 | 3,889 | - | 98 |
| Trade receivables and other receivables | 585 | 378 | 4,221 | 2,077 |
| | 782 | 4,267 | 4,221 | 2,175 |

## 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 27 March 2016 and 29 March 2015 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 27 March 2016 and 29 March 2015 did not materially vary from the carrying value amounts.

## 16 DEFERRED TAXATION

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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Opening position | (277) | (196) | 193 | - |
| Arising on acquisition | (1,619) | (270) | - | - |
| Transfer to reserves | 543 | 185 | 517 | 185 |
| Transfer from profit and loss | 190 | 4 | 115 | 8 |
| Net deferred tax (liability)/asset | (1,163) | (277) | 825 | 193 |

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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Deferred tax assets | | | | |
| Share options | 894 | 193 | 825 | 193 |
| Other | - | - | - | - |
| Deferred taxation assets | 894 | 193 | 825 | 193 |
| Deferred tax liabilities | | | | |
| Accelerated capital allowances | 691 | 250 | - | - |
| Intangible assets | 1,366 | 220 | - | - |
| Deferred taxation liabilities | 2,057 | 470 | - | - |

## 16 DEFERRED TAXATION (continued)

The Company has losses of £283,000 (2015: £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 (2015: £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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Allotted, issued called up and fully paid: 569,153,293 (2015: 332,513,500) ordinary shares of 1p each | 5,692 | 3,325 | 5,692 | 3,325 |

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

On 20 October 2014, 26,749,900 Ordinary Shares of £0.01 were issued by the Company and were allotted for cash at £0.06 per Ordinary Share, credited as fully paid and a further 222,255,000 Ordinary Shares of £0.01 were issued by the Company at £0.06 per Ordinary Share as consideration to acquire 99.04% of the issued share capital of Kefi Limited.

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.

## 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.

Kefi Limited also operated two share option plans:

- Kefi Enterprise Management Incentive ("Kefi EMI") Share Option Plan;
- Kefi Unapproved Share Option Plan

As part of the reverse acquisition, all outstanding share options in Kefi Limited under both the Kefi EMI and the Kefi Unapproved Share Option Plan were exercised on the date of acquisition during the nine months ended 29 March 2015.

**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 27 March 2016 are as follows:

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | '000 | '000 |
| At the beginning of the period | 29,927 | 6,681 |
| Granted during the period | 25,698 | 23,246 |
| At the end of the period | 55,625 | 29,927 |

## 18 SHARE BASED PAYMENTS (continued)

| Weighted average exercise price | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £ | £ |
| At the beginning of the period | 0.05 | 0.03 |
| Granted during the period | 0.11 | 0.06 |
| At the end of the period | 0.08 | 0.05 |

Outstanding and exercisable share options to acquire ordinary shares of 1 pence each as at 27 March 2016 under various Group share plans are as follows:

For the year ended 27 March 2016

| | Options outstanding | | | Options exercisable | | |
|---|---|---|---|---|---|---|
| Range of exercise prices | 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 | - | - | - |
| | 14,451 | 0.05 | 62 | 2,232 | 0.02 | 47 |
| 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 | - | - | - |
| | 41,173 | 0.09 | 70 | 1,116 | 0.02 | 47 |

There have not been any grants under The Fulham Shore CSOP to date.

## 18 SHARE BASED PAYMENTS (continued)

For the year ended 29 March 2015

| Range of exercise prices | Options outstanding Number of shares '000 | Weighted average exercise price £ | Weighted average remaining contractual life months | Options exercisable Number of shares '000 | Weighted average exercise price £ | Weighted average remaining contractual life months |
|---|---|---|---|---|---|---|
| EMI | | | | | | |
| £0.02 | 2,232 | 0.02 | 59 | - | - | - |
| £0.05 | 2,779 | 0.05 | 71 | - | - | - |
| £0.06 | 9,440 | 0.06 | 79 | - | - | - |
| | 14,451 | 0.04 | 74 | - | - | - |
| Unapproved | | | | | | |
| £0.02 | 1,116 | 0.02 | 59 | - | - | - |
| £0.05 | 554 | 0.05 | 71 | - | - | - |
| £0.06 | 13,805 | 0.06 | 79 | - | - | - |
| | 15,475 | 0.03 | 77 | - | - | - |

During the year ended 27 March 2016, the market price of ordinary shares in the Company ranged from £0.11 (2015: £0.06) to £0.2275 (2015: £0.2225). The share price as at 27 March 2016 was £0.1743 (2015: £0.1325).

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 27 March 2016 | Year ended 29 March 2015 |
|---|---|---|
| Weighted average expected life | 3 years | 3 years |
| Weighted average exercise price | 11 pence | 6 pence |
| Risk free rate | 0.50% | 0.50% |
| Expected volatility | 66.8% | 6.8% |

## 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 27 March 2016 are as follows:

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | '000 | '000 |
| At the beginning of the period | - | - |
| Granted during the period (Free Shares) | 591 | - |
| At the end of the period | 591 | - |

| Weighted average exercise price | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £ | £ |
| At the beginning of the period | - | - |
| Granted during the period (Free Shares) | - | - |
| At the end of the period | - | - |

For the year ended 27 March 2016

| | SIP shares outstanding | | | SIP shares exercisable | | |
|---|---|---|---|---|---|---|
| Range of exercise prices | 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 |
| | 591 | - | 109 | 591 | - | 109 |

No SIP shares were outstanding as at 29 March 2015.

## 18 SHARE BASED PAYMENTS (continued)

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 27 March 2016 | Year ended 29 March 2015 |
|---|---|---|
| Weighted average expected life | 3 years | - |
| Weighted average exercise price | Nil pence | - |
| Risk free rate | 0.50% | - |
| Expected volatility | 68.8% | - |

**Kefi Enterprise Management Incentive Share Option Plan and the Kefi Unapproved Share Option Plan**

Outstanding share options under the Kefi Enterprise Management Incentive Share Option Plan and the Kefi Unapproved Share Option Plan to acquire ordinary shares of 0.001 pence each in Kefi Limited as at 27 March 2016 are as follows:

| | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | '000 | '000 |
| At the beginning of the period | - | 1,400 |
| Granted during the period | - | - |
| Lapsed during the period | - | (990) |
| Exercised during the period | - | (410) |
| At the end of the period | - | - |

## 18 SHARE BASED PAYMENTS (continued)

| Weighted average exercise price | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
|---|---|---|
| | £ | £ |
| At the beginning of the period | - | 0.45 |
| Granted during the period | - | - |
| Lapsed during the period | - | (0.45) |
| Exercised during the period | - | (0.45) |
| At the end of the period | - | - |

The total charge for each period relating to employee share-based payments plans is disclosed in note 2, all of which relates to the above equity-based transactions.

**Warrants**

Outstanding share warrants in the Company to acquire ordinary shares of 1 pence each as at 27 March 2016 are as follows:

| | 27 March 2016 '000 | 29 March 2015 '000 |
|---|---|---|
| At the beginning of the year | 1,116 | 1,116 |
| Granted during the year | - | - |
| At the end of the year | 1,116 | 1,116 |

The warrants are exercisable at 2 pence per ordinary shares until February 2017.

## 19 NOTE TO CASH FLOWS STATEMENTS

| | Group | | | Parent |
|---|---|---|---|---|
| | Year ended 27 March 2016 | Nine months ended 29 March 2015 | Year ended 27 March 2016 | Year ended 29 March 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Reconciliation of net cash flows from operating activities | | | | |
| Profit/(loss) before taxation | 423 | 4 | (899) | (458) |
| Adjustments | | | | |
| Finance income | (4) | (6) | (1) | (2) |
| Finance costs | 88 | 27 | 77 | 4 |
| Depreciation and amortisation | 2,772 | 507 | 11 | 10 |
| Loss on disposal of fixed assets | - | 2 | - | - |
| Share based payments expense | 639 | 194 | 191 | 33 |
| Cost of reverse acquisition | - | 374 | - | - |
| Cost of acquisition | 405 | - | - | - |
| Operating cash flows before movements in working capital | 4,323 | 1,102 | (621) | (413) |
| Increase in inventories | (213) | (23) | - | - |
| Decrease/(increase) in trade and other receivables | 131 | (230) | 135 | (1,363) |
| Increase in trade and other payables | 27 | 214 | 542 | 148 |
| Cash generated from/(used in) operations | 4,268 | 1,063 | 56 | (1,628) |
| Income taxes (paid)/received | (550) | 35 | - | - |
| Net cash flow from operating activities | 3,718 | 1,098 | 56 | (1,628) |

## 19 NOTE TO CASH FLOWS STATEMENTS (continued)

| | Group | | Parent | |
|---|---|---|---|---|
| | Year ended 27 March 2016 | Nine months ended 29 March 2015 | Year ended 27 March 2016 | Year ended 29 March 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash flow from acquisition of subsidiaries | | | | |
| Consideration paid on acquisition | (6,184) | - | (6,184) | - |
| Cash and cash equivalents acquired with subsidiaries* | 340 | 2,987 | - | - |
| Cost of reverse acquisition | - | (374) | - | (374) |
| Cost of acquisition of subsidiary | (405) | - | (405) | (553) |
| Net cash flow from acquisition of subsidiaries | (6,249) | 2,613 | (6,589) | (927) |

* in 9 months ended 29 March 2016, net of £553,000 payment towards the Kefi share options (see note 23).

## 20 COMMITMENTS UNDER OPERATING LEASES

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

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 | 29 March 2015 | 27 March 2016 | 29 March 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Land and buildings | | | | |
| within one year | 3,367 | 1,440 | 2 | - |
| in two to five years | 12,535 | 5,368 | - | - |
| after five years | 29,772 | 12,932 | - | - |
| | 45,674 | 19,740 | 2 | - |
| Others | | | | |
| within one year | 23 | 4 | - | - |
| | 23 | 4 | - | - |
| | 45,697 | 19,744 | 2 | - |

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:

| | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Committed new restaurant builds | 1,928 | 60 | - | - |

## 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 14 to 17, 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 services to the following companies in which DM Page and NAG Mankarious are directors and shareholders:

| Amounts invoiced (including VAT) | Group | | Parent company | |
|---|---|---|---|---|
| | Year ended 27 March 2016 | Nine months ended 29 March 2015 | Year ended 27 March 2016 | Nine months ended 29 March 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Meatailer Limited | - | 3 | - | - |
| Bukowski Limited | 29 | 28 | - | - |
| Rocca (2015) Limited | - | 1 | | |
| Franco Manca 2 UK Limited | - | 1 | | |
| Wild Food Ideas Limited | 19 | 25 | - | - |
| Room 307 Limited | - | 11 | - | - |
| | 48 | 69 | - | - |

| Amounts outstanding at year end | Group | | Parent company | |
|---|---|---|---|---|
| | 27 March 2016 £'000 | 29 March 2015 £'000 | 27 March 2016 £'000 | 29 March 2015 £'000 |
| Meatailer Limited | - | 1 | - | - |
| Bukowski Limited | 10 | 13 | - | - |
| Wild Food Ideas Limited | 3 | 4 | - | - |
| Room 307 Limited | - | 1 | - | - |
| | 13 | 19 | - | - |

## 22 RELATED PARTY DISCLOSURES (continued)

During the period, the Group was invoiced £73,000 (2015: £15,000) for the services of NJ Donaldson and a further £16,000 (2015: £Nil) for corporate finance advisory services by London Bridge Capital Limited, a company in which NJ Donaldson is a director, and the balance outstanding at 27 March 2016 was £Nil (2015: £Nil).

During the period, the Group was invoiced £Nil (2015: £84,000) for the services of NAG Mankarious by Nabster Consultancy Ltd, a company in which NAG Mankarious is a director. The balance outstanding at 27 March 2016 was £Nil (2015: £Nil).

During the period, the Group was invoiced £480,000 (2015: £81,000) 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 27 March 2016 was £45,000 (2015: £13,000).

During the period the Group was invoiced £77,000 (2015: £10,000) 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 27 March 2016 was £19,000 (2015: £1,000).

During the nine months ended 29 March 2015, the Group operated, on normal commercial terms, a franchise of Franco Manca granted by Franco Manca 2 UK Limited, a company in which DM Page and NAG Mankarious are directors. The Group was invoiced franchise fees of £127,000 plus VAT and setup costs of £Nil plus VAT by Franco Manca 2 UK Limited during the year and the balance outstanding at 29 March 2015 was £20,000.

*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 27 March 2016 | Year ended 29 March 2015 |
| | £'000 | £'000 |
| FM98 LTD Limited | 90 | 30 |
| The Real Greek Food Company Limited | 450 | 180 |
| Franco Manca 2 UK Limited | 421 | - |
| | 961 | 210 |

## 22 RELATED PARTY DISCLOSURES (continued)

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

| Amounts loaned/(repaid) | Parent company | |
|---|---|---|
| | Year ended 27 March 2016 | Year ended 29 March 2015 |
| | £'000 | £'000 |
| FM98 LTD Limited | (1,380) | 130 |
| 10DAS Limited | 86 | 153 |
| The Real Greek Food Company Limited | (1,894) | 635 |
| Franco Manca 2 UK Limited | 4,605 | - |
| | 1,417 | 918 |

| Amounts outstanding at period end | Parent company | |
|---|---|---|
| | 27 March 2016 | 29 March 2015 |
| | £'000 | £'000 |
| FM98 LTD Limited | - | 930 |
| 10DAS Limited | 66 | 153 |
| The Real Greek Food Company Limited | (1,080) | 815 |
| Franco Manca 2 UK Limited | 4,155 | - |
| | 3,141 | 1,898 |

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 £1,712,000 (2015: £1,837,000). This commitment is included in the Group disclosure in note 20.

## 23 REVERSE ACQUISITION

With effect from 20 October 2014, the Company became the legal parent of Kefi Limited. The aggregate consideration for the acquisition was £13,887,570 satisfied by the initial issue of 222,255,000 new ordinary shares of the Company issued at 6p per ordinary share and £552,270 cash.

Due to the relative values of the companies, the Kefi shareholders became the majority shareholders with approximately 66.84% of the share capital of the enlarged group at the time of the transaction.

The fair value of the assets and liabilities acquired are as follows:

| | 20 October 2014 £'000 |
|---|---|
| Intangible assets | 1,681 |
| Property, plant and equipment | 252 |
| Inventories | 24 |
| Trade and other receivables | 893 |
| Cash and cash equivalents | 2,987 |
| Trade and other payables | (600) |
| Income tax payables | (17) |
| Deferred tax liabilities | (271) |
| Total identifiable net assets | 4,949 |
| Goodwill on acquisition of the Company | 1,667 |
| Total consideration | 6,616 |

*Total consideration*
Total consideration above is calculated based on the total number of shares in the Company excluding the consideration shares issued as part of the transaction at the date of the transaction 110,258,500 multiplied by the market price at the time of 6p.

*Cost of acquisition*
The cost of acquiring Kefi Limited, totalling £374,000, has been recognised in the consolidated statement of comprehensive income.

*Intangible assets*
The Intangible assets acquired through the reverse acquisition, at the date of the reverse acquisition relate the franchise agreement relating to the Group's Franco Manca restaurant at Tottenham Court Road, London.

The fair value of the intangible assets 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.

## 23 REVERSE ACQUISITION (continued)

*Deferred tax liabilities*

A deferred tax liability was recognised due to the temporary difference arising from the recognition of the intangible assets acquired through the reverse acquisition. The deferred tax liability has been measured at 20%, the tax rate that is expected to apply over the useful economic life of the intangible asset.

*Goodwill*

The goodwill recognised relates to the value of the listing acquired.

*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 generated revenue of £846,000 and a net loss for the period of £29,000. If the accounting acquiree had been a member of the Group from the beginning of the period, it would have generated revenues of £1,957,000 and net profit for the period of £15,000.

## 24 ACQUISITION OF FRANCO MANCA HOLDINGS LIMITED

On 21 April 2015, the Group acquired 99% of the issued share capital of Franco Manca Holdings Limited for a consideration of £27,465,054 made up of £6,184,677 in cash and £21,280,377 by the issue of 193,457,975 ordinary shares in the Company at 11p each.

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

| | **21 April 2015 £'000** |
|---|---|
| Intangible assets – brand | 8,211 |
| Intangible assets – other | 30 |
| Property, plant and equipment | 6,164 |
| Inventories | 213 |
| Trade and other receivables | 1,008 |
| Cash and cash equivalents | 340 |
| Trade and other payables | (3,960) |
| Income tax payables | (153) |
| Borrowings | (600) |
| Deferred tax liabilities | (1,618) |
| Total identifiable net assets | 9,635 |
| Goodwill on acquisition | 17,858 |
| Non-controlling interests | (28) |
| Total consideration | 27,465 |

## 24 ACQUISITION OF FRANCO MANCA HOLDINGS LIMITED (continued)

*Total consideration*

Total consideration above is calculated based on the fair value of the 193,457,975 consideration shares issued at 11p each giving a consideration of £21,280,377 and £6,184,677 in cash.

*Cost of acquisition*

The costs of acquiring Franco Manca Holdings Limited, totalling £405,000, have been recognised in the consolidated statement of comprehensive income.

*Intangible assets*

The intangible asset of £8,211,000 relates to the brand valuation of Franco Manca. The fair value of the brand was determined using a discounted royalty relief model. The key assumptions for the valuation method are those regarding future cash flows based on an assumed net royalty rate of 4% of system turnover and assumed cash required to service the royalty system, corporation tax rate of 20% and a discount rate of 12%. The royalty stream projections are based on management forecasts for the three years period at the time of the acquisition and an estimate of growth for the following seven years giving a total useful economic life of 10 years.

*Deferred tax liabilities*

A deferred tax liability was recognised due to the temporary difference arising from the recognition of the intangible assets acquired through the acquisition. The deferred tax liability has been measured at 20%, the tax rate that is expected to apply over the useful economic life of the intangible asset.

*Goodwill*

The goodwill recognised relates to the value of the trading units acquired with Franco Manca.

*Results of the acquiree*

The results of Franco Manca have been included in the consolidated statement of comprehensive income since the acquisition date and has generated revenue of £15,710,000 and a net profit for the period of £1,218,000. If Franco Manca had been a member of the Group from the beginning of the period, it would have generated revenues of £16,682,000 and net profit for the period of £1,229,000.

*Merger relief*

The acquisition qualified for merger relief under Companies Act 2006 where the consideration for the transaction was predominantly by way of consideration shares. Therefore of the £21,280,377, fair value of consideration shares issued, £19,345,000 was recognised in the merger reserve rather than share premium.

The above has been extracted from, and should be read in conjunction with, the Company's audited Annual Report and Accounts for the year ended 27 March 2016.