

The Fulham Shore PLC

Unaudited interim results for the six months ended 25 September 2016

Chairman's Statement

I am pleased to announce the unaudited interim results for the 6 months ended 25 September 2016 for The Fulham Shore PLC ("Fulham Shore" or the "Group"). It has been a busy and successful 6 months for the Group.

We have increased turnover, profits and the number of restaurants we operate.

Our restaurants are popular and busy with customers who want to eat great food at affordable prices.

Our Franco Manca customers can have a fantastic vegan pizza plus a glass of water for less than £5 or really push the boat out with a Margherita Pizza accompanied by a glass of organic red wine for less than £10 while in The Real Greek customers can enjoy our amazing lunch offer at £8.95 for 3 meze plates.

We expect to end the current financial year in March 2017 with around 43 restaurants, dependent on how quickly our builders work in the spring. We are planning more Franco Manca and The Real Greek restaurants for 2017/2018.

Results

For the 6 months ended 25 September 2016, Fulham Shore generated revenue of £19.9m (2015: £13.9m). The Group achieved Headline EBITDA for the period of £3.7m (2015: £2.6m) and made headline operating profit for the period amounting to £2.4m (2015: £1.7m).

In the 6 months ended 25 September 2016, the Group opened 7 Franco Manca pizzeria in London, Brighton and Guildford. This took Fulham Shore's restaurant portfolio as at 25 September 2016 to 36 restaurants made up of 9 The Real Greek, 26 Franco Manca pizzeria and 1 Bukowski Grill.

Cash flow

During the period ended 25 September 2016, the Group had net cash inflow from operating activities of £6.4m (2015: £3.0m). During the same period the Group invested £5.7m (2015: £3.4m) on property, plant and equipment. Overall there was a net cash inflow for the period of £1.1m (2015: outflow of £1.8m) resulting in net debt as at 25 September 2016 of £3.0m (2015: £0.3m).

Dividends

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

Current trading and outlook

Since 25 September 2016, the Group has opened 3 The Real Greek restaurants in Muswell Hill (London), Boxpark Croydon and Southampton and 3 Franco Manca restaurants in Westfield London, Westbourne Grove (London) and Southampton.

This takes the number of restaurants operated today by the Group to a total of 42, made up of 12 The Real Greek, 29 Franco Manca and 1 Bukowski Grill.

The Group is currently fitting out a further Franco Manca pizzeria in Nova Victoria (London), which is scheduled to open in February 2017.

Contracts have recently been exchanged on three sites in very different locations in and around London: Putney (near Putney Bridge), Russell Square and Richmond, Surrey, all expected to open in the Spring of 2017.

Great sites continue to be offered to us as we continue to open in London and now around the UK. However, we are determined that our customers and shareholders should be the beneficiaries of our expansion, not property owners or agents. Therefore, we will continue to take space that is just about big enough for us so that we are not paying for space

we don't use and the rent roll is that much lower. This helps us to keep our menu prices below our competitors for the benefit of our customers.

Franco Manca is now occupying some spare window space at Debenhams in Westfield London. This has proved successful and we are now looking at building more relationships with retailers and licensed premises owners who have surplus space facing the high street which could be utilised by the Group.

We source our food directly from both Italy and Greece plus from some great local UK producers. We get closely involved with all our suppliers, visiting them regularly, checking consistency and working together to develop new ideas. The Brexit vote has had some of our suppliers in Europe nervously watching the UK. However, we are working with them to make sure any adjustment of our input prices is kept to a minimum. We are helped that much of our fresh produce is sourced locally in sterling in the UK.

The majority of our staff are shareholders in Fulham Shore. We value them as crucial to our success. We pay at least the National Living Wage, including under 25s, and we are always looking to include our staff in the success of the business.

The Franco Manca team has started to win the plaudits of their fellow professionals. 3 awards were picked up in November 2016: R200 Best Value Restaurant Operator – over 20 sites; CGA Peach Hero and Icon Awards Breakthrough Brand and CGA Peach Hero and Icon Awards Best Concept. This is just reward for the hard work the whole Franco Manca team has put in this year.

A key concern for us is maintaining the consistency and quality of our food and service offer. To this end, over the past 18 months, we have developed dedicated central teams running each part of the business.

Each restaurant brand has its own operational management and we have property, people, training, opening and financial systems in place. These support functions are essential when growing a restaurant business leaving the front of house teams free to concentrate on the food and the customers. As the number of restaurants we open per year grow, and the eventual number we can finally achieve in the UK also grows, we will continue to invest in our central functions to ensure we have adequate resources to deliver growth.

All this puts us in a sound position for our future expansion of the Group's excellent restaurant businesses. We have slowly increased the number of openings per year we can manage. Our progress so far was 9 for the year ended 27 March 2016 and 13 year to date for the year ending 26 March 2017. We expect to increase this number in London and across the country in the next financial year.

Sites are available, our restaurants are busy and popular, our prices are good value and our staff are well motivated.

We therefore look forward with confidence to the further expansion of our Franco Manca and The Real Greek businesses.

David Page
Chairman

16 December 2016

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Notes for editors

Information on The Fulham Shore PLC

Fulham Shore was incorporated in March 2012. The Directors believe that there are 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.

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

Today Fulham Shore currently operates "The Real Greek" (www.therealgreek.com) and "Franco Manca" (www.francomanca.co.uk) restaurants, as well as a Bukowski Grill restaurant.

The Real Greek

Since establishing in 1999, The Real Greek group has grown steadily, now offering modern Greek cuisine in 12 restaurants across London and the home counties.

Ambassadors of Greek food and Greek hospitality in the UK, The Real Greek food centres on the delicious, healthy diet of the Eastern Mediterranean, staying true to the Greek ethos for food, family and life. Dishes are created using premium ingredients sourced from Greece and Cyprus whenever possible, and developed by Tonia Buxton, the face of Greek food in the UK.

Both The Real Greek's menu and atmosphere retains the spirit of eating in Greece, encouraging diners to take their time eating amongst friends and family, be it a relaxed dinner, family get-together, or fully catered party.

Franco Manca

Franco Manca opened its first restaurant in 2008 and now has 29 restaurants, primarily in London, but with recent openings in Brighton, Southampton and Guildford with other locations outside London in the pipeline.

Franco Manca's pizza is made from slow-rising sourdough and is baked in a wood-burning oven that produces a heat of about 500°C (930°F). The slow levitation and blast cooking process lock in the flour's natural aroma and moisture, giving a soft and easily digestible crust. Where possible, locally sourced and organic ingredients are used. Pizza prices start from £4.95.

"If you only eat one pizza this year, make sure it's Franco Manca" - Tatler

Bukowski

Bukowski is a London-based charcoal-grill restaurant and bar, serving breakfasts, burgers and grills. Bukowski has four restaurants in London, one of which Fulham Shore operates in Soho under a franchise agreement.

The Fulham Shore PLC
Unaudited Consolidated Statement of Comprehensive Income
for the six months ended 25 September 2016

		Six months ended 25 September 2016	Six months ended 27 September 2015	Year ended 27 March 2016
	Notes	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue		19,897	13,902	29,251
Cost of sales		(10,924)	(7,560)	(15,970)
Gross profit		8,973	6,342	13,281
Administrative expenses		(6,529)	(4,632)	(10,001)
Headline operating profit		2,444	1,710	3,280
Share based payments		(297)	(257)	(639)
Pre-opening costs		(855)	(476)	(908)
Amortisation of brand		(411)	(342)	(821)
Exceptional costs – cost of acquisition		(26)	(405)	(405)
Operating profit		855	230	507
Finance income		1	3	4
Finance costs		(53)	(46)	(88)
Profit before taxation		803	187	423
Income tax expense	4	(277)	(61)	(347)
Profit for the period		526	126	76
Profit for the period attributable to:				
Owners of the company		510	112	56
Non-controlling interests		16	14	20
		526	126	76
Earnings per share				
Basic	5	0.1p	0.0p	0.0p
Diluted	5	0.1p	0.0p	0.0p
Headline Basic	5	0.3p	0.3p	0.5p
Headline Diluted	5	0.3p	0.3p	0.4p

There were no other comprehensive income items.

All operating gains and losses relate to continuing activities.

The Fulham Shore PLC
Unaudited Consolidated Balance Sheet
as at 25 September 2016

	Notes	As at 25 September 2016 Unaudited £'000	As at 27 September 2015 Unaudited £'000	As at 27 March 2016 Audited £'000
Non-current assets				
Intangible assets		27,507	28,831	28,135
Property, plant and equipment		21,598	13,793	16,733
Trade and other receivables		974	715	934
Deferred tax assets		1,192	427	894
		<u>51,271</u>	<u>43,766</u>	<u>46,696</u>
Current assets				
Inventories		837	523	687
Trade and other receivables		2,497	1,727	1,448
Cash and cash equivalents	6	748	2,083	197
		<u>4,082</u>	<u>4,333</u>	<u>2,332</u>
Total assets		<u>55,353</u>	<u>48,099</u>	<u>49,028</u>
Current liabilities				
Trade and other payables		(10,827)	(7,064)	(6,165)
Income tax payables		(1,030)	(622)	(630)
Borrowings		-	(250)	(570)
		<u>(11,857)</u>	<u>(7,936)</u>	<u>(7,365)</u>
Net current liabilities		<u>(7,775)</u>	<u>(3,603)</u>	<u>(5,033)</u>
Non-current liabilities				
Borrowings		(3,710)	(2,160)	(2,910)
Deferred tax liabilities		(1,954)	(2,008)	(2,057)
		<u>(5,664)</u>	<u>(4,168)</u>	<u>(4,967)</u>
Total liabilities		<u>(17,521)</u>	<u>(12,104)</u>	<u>(12,332)</u>
Net assets		<u>37,832</u>	<u>35,995</u>	<u>36,696</u>
Equity				
Share capital		5,703	5,692	5,692
Share premium account		6,878	6,867	6,866
Merger relief reserve		30,459	30,459	30,459
Reverse acquisition reserve		(9,469)	(9,469)	(9,469)
Retained earnings		4,175	2,383	3,078
		<u>37,746</u>	<u>35,932</u>	<u>36,626</u>
Total equity attributable to owners of the company		37,746	35,932	36,626
Non-controlling interest		86	63	70
Total equity		<u>37,832</u>	<u>35,995</u>	<u>36,696</u>

The Fulham Shore PLC
Unaudited Consolidated Statement of Changes in Equity
for the six months ended 25 September 2016

Six months ended 25 September 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 27 March 2016	5,692	6,866	30,459	(9,469)	3,078	70	36,696
Profit for the period	-	-	-	-	510	16	526
Total comprehensive income for the period	-	-	-	-	510	16	526
Transactions with owners							
Ordinary shares issued (net of expenses)	11	12	-	-	-	-	23
Share based payments	-	-	-	-	297	-	297
Deferred tax on share based payments	-	-	-	-	290	-	290
Total transactions with owners	11	12	-	-	587	-	610
At 25 September 2016	5,703	6,878	30,459	(9,469)	4,175	86	37,832

Six months ended 27 September 2015

	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 March 2015	3,325	2,650	11,113	(9,469)	1,840	22	9,481
Profit for the period	-	-	-	-	112	14	126
Total comprehensive income for the period	-	-	-	-	112	14	126
Transactions with owners							
Ordinary shares issued (net of expenses)	2,367	4,217	19,346	-	-	-	25,930
Share based payments	-	-	-	-	257	-	257
Deferred tax on share based payments	-	-	-	-	174	-	174
Non-controlling interests adjustment	-	-	-	-	-	27	27
Total transactions with owners	2,367	4,217	19,346	-	431	27	26,388
At 27 September 2015	5,692	6,867	30,459	(9,469)	2,383	63	35,995

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 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

The Fulham Shore PLC
Unaudited Consolidated Cash Flow Statement
for the six months ended 25 September 2016

		Six months ended 25 September 2016 Unaudited £'000	Six months ended 27 September 2015 Unaudited £'000	Year ended 27 March 2016 Audited £'000
Net cash from operating activities	7	6,391	2,964	3,718
Investing activities				
Acquisition of property, plant and equipment		(5,664)	(3,416)	(7,085)
Cash flow from acquisition of subsidiaries	8	(376)	(6,249)	(6,249)
Net cash flow used in investing activities		(6,040)	(9,665)	(13,334)
Financing activities				
Proceeds from issuance of new ordinary shares (net of expenses)		23	4,648	4,648
Repayment of bank borrowings		-	(1,870)	(2,120)
Capital received from bank borrowings		800	2,160	2,910
Interest received		1	3	4
Interest paid		(54)	(46)	(88)
Net cash from financing activities		770	4,895	5,354
Net increase/(decrease) in cash and cash equivalents		1,121	(1,806)	(4,262)
Cash and cash equivalents at beginning of the period		(373)	3,889	3,889
Cash and cash equivalents at end of period	6	748	2,083	(373)

The Fulham Shore PLC
Notes to the Unaudited Interim Financial Information
for the six months ended 25 September 2016

1. General information

The Fulham Shore PLC is a public limited company incorporated and domiciled in England and Wales. The address of the registered office is 1st Floor, 50-51 Berwick Street, London, W1F 8SJ, United Kingdom. Copies of this Interim Statement may be obtained from the above address or the investor section of the Group's website at <http://www.fulhamshore.com>.

2. Basis of preparation

The unaudited interim financial information for the six months ended 25 September 2016 has been prepared under the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU ("IFRS") based on the accounting policies consistent with those used in the financial statements for the period ended 27 March 2016, and those to be applied for the year ending 26 March 2017.

The unaudited interim financial information was approved by the Board on 16 December 2016.

The unaudited interim financial information for the six months ended 25 September 2016 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and should be read in conjunction with the statutory accounts for the period ended 27 March 2016. Statutory accounts for the period ended 27 March 2016 have been delivered to the Registrar of Companies. The audit report on these statutory accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain a statement either under section 498(2)-(3) of the Companies Act 2006.

The interim financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the company operates. All values are rounded to the nearest one thousand Pounds (£'000) except when otherwise indicated.

3. 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 six months ended 25 September 2016 (Unaudited)

	The Real Greek £'000	Franco Manca £'000	All other Segments £'000	Total £'000
External revenue	6,951	12,595	351	19,897
Headline EBITDA	1,464	2,627	(385)	3,706
Depreciation and amortisation	(274)	(955)	(33)	(1,262)
Headline operating profit	<u>1,190</u>	<u>1,672</u>	<u>(418)</u>	<u>2,444</u>
Operating profit/(loss)	964	409	(518)	855
Finance income	1	-	-	1
Finance costs	-	-	(53)	(53)
Segment profit/(loss) before taxation	<u>965</u>	<u>409</u>	<u>(571)</u>	<u>803</u>
Income tax expense				(277)
Profit for the period				<u>526</u>
Assets	7,307	44,788	3,258	55,353
Liabilities	(3,784)	(9,000)	(4,737)	(17,521)
Net assets	<u>3,523</u>	<u>35,788</u>	<u>(1,479)</u>	<u>37,832</u>
Capital expenditure	<u>513</u>	<u>5,277</u>	<u>121</u>	<u>5,911</u>

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.

For the six months ended 27 September 2015 (Unaudited)

	The Real Greek £'000	Franco Manca £'000	All other Segments £'000	Total £'000
External revenue	6,255	7,647	-	13,902
Headline EBITDA	1,175	1,757	(341)	2,591
Depreciation and amortisation	(255)	(621)	(5)	(881)
Headline operating profit	<u>920</u>	<u>1,136</u>	<u>(346)</u>	<u>1,710</u>
Operating profit	842	68	(680)	230
Finance income	2	-	1	3
Finance costs	(2)	(8)	(36)	(46)
Segment profit/(loss) before taxation	<u>842</u>	<u>60</u>	<u>(715)</u>	<u>187</u>
Income tax expense				(61)
Profit for the period				<u>126</u>
Assets	7,183	37,875	3,041	48,099
Liabilities	(2,816)	(6,590)	(2,698)	(12,104)
Net assets	<u>4,367</u>	<u>31,285</u>	<u>343</u>	<u>35,995</u>
Capital expenditure	<u>463</u>	<u>2,938</u>	<u>15</u>	<u>3,416</u>

For the year ended 27 March 2016 (Audited)

	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	<u>1,371</u>	<u>2,600</u>	<u>(691)</u>	<u>3,280</u>
Operating profit	1,082	477	(1,052)	507
Finance income	3	-	1	4
Finance costs	(2)	(8)	(78)	(88)
Segment profit/(loss) before taxation	<u>1,083</u>	<u>469</u>	<u>(1,129)</u>	<u>423</u>
Income tax expense				(347)
Profit for the year				<u>76</u>
Assets	6,072	39,616	3,340	49,028
Liabilities	(2,241)	(5,806)	(4,286)	(12,332)
Net assets	<u>3,831</u>	<u>33,810</u>	<u>(946)</u>	<u>36,696</u>
Capital expenditure	<u>753</u>	<u>5,978</u>	<u>485</u>	<u>7,216</u>

4. Income Tax Expense

	Six months ended 25 September 2016 Unaudited £'000	Six months ended 27 September 2015 Unaudited £'000	Year ended 27 March 2016 Audited £'000
Based on the result for the period:			
UK Corporation tax at 20% (2015: 20%)	386	221	588
Adjustment in respect of prior periods	-	(20)	(51)
Total current tax	<u>386</u>	<u>201</u>	<u>537</u>
Deferred taxation:			
Origination and reversal of temporary differences	(109)	(140)	(190)
Total deferred tax	<u>(109)</u>	<u>(140)</u>	<u>(190)</u>
Total taxation charge	<u><u>277</u></u>	<u><u>61</u></u>	<u><u>347</u></u>

5. Earnings per share

	Six months ended 25 September 2016 Unaudited £'000	Six months ended 27 September 2015 Unaudited £'000	Year ended 27 March 2016 Audited £'000
Profit for the purposes of basic and diluted earnings per share:	510	112	56
Share based payments	297	257	639
Deferred tax on share based payments	(50)	(60)	(135)
Pre-opening costs	855	476	908
Loss on disposal of property, plant and equipment	1	21	-
Amortisation of brand	411	342	821
Deferred tax on amortisation of brand	(68)	(57)	(137)
Exceptional costs – acquisition costs	26	405	405
	<hr/>	<hr/>	<hr/>
Headline profit for the period for the purposes of Headline basic and diluted earnings per share:	1,982	1,496	2,557
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Six months ended 25 September 2016 Unaudited No. '000	Six months ended 27 September 2015 Unaudited No. '000	Year ended 27 March 2016 Audited No. '000
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	569,468	540,390	554,811
Effect of dilutive potential ordinary shares:			
- Share options	30,668	52,501	29,553
	<hr/>	<hr/>	<hr/>
Weighted average number of shares for the purpose of diluted earnings per share	600,136	592,891	584,364
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Six months ended 25 September 2016 Unaudited	Six months ended 27 September 2015 Unaudited	Year ended 27 March 2016 Audited
Earnings per share:			
Basic	0.1p	0.0p	0.0p
Diluted	0.1p	0.0p	0.0p
Headline basic	0.3p	0.3p	0.5p
Headline diluted	0.3p	0.3p	0.4p
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6. Cash and cash equivalents

	As at 25 September 2016 Unaudited £'000	As at 27 September 2015 Unaudited £'000	As at 27 March 2016 Audited £'000
Cash at bank and in hand	748	2,083	197
Cash and cash equivalents as presented in the balance sheet	748	2,083	197
Bank overdraft	-	-	(570)
	<u>748</u>	<u>2,083</u>	<u>(373)</u>

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

7. Reconciliation of net cash flows from operating activities

	Six months ended 25 September 2016 Unaudited £'000	Six months ended 27 September 2015 Unaudited £'000	Year ended 27 March 2016 Audited £'000
Profit before taxation	803	187	423
Adjustments:			
Finance income	(1)	(3)	(4)
Finance costs	53	46	88
Depreciation and amortisation	1,673	1,223	2,772
Loss on disposal of property, plant and equipment	1	21	-
Share based payments expense	297	257	639
Cost of acquisition	26	405	405
Operating cash flows before movement in working capital	<u>2,852</u>	<u>2,136</u>	<u>4,323</u>
Increase in inventories	(150)	(49)	(213)
(Increase)/decrease in trade and other receivables	(1,090)	70	131
Increase in trade and other payables	4,765	1,029	27
Cash generated from operations	<u>6,377</u>	<u>3,186</u>	<u>4,268</u>
Income taxes received/(paid)	14	(222)	(550)
Net cash from operating activities	<u>6,391</u>	<u>2,964</u>	<u>3,718</u>

8. Acquisition of FM111 Limited

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

The provisional fair values allocated to the assets and liabilities acquired are as follows:

	25 July 2016 Unaudited £'000
Property, plant and equipment	350
Total identifiable net assets and total consideration	<u>350</u>

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

No goodwill has been recognised on this transaction.

The above fair values are provisional pending a full fair value exercise which will be performed prior to the finalisation of financial statements for the full year.