FOOD CONCEPTS PLC

2016 ANNUAL REPORT

FOOD CONCEPTS PLC

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“To rise up, we must show up and find bright new opportunities in each new day.”

D. Butler

FOOD CONCEPTS PLC

CORPORATE INFORMATION

Chairman
Mr. Odunayo Olagundoye
(Resigned with effect from 25th June 2015 and re-appointed as a Director and Chairman of the Board with effect from 9th February 2016)
Mr. Deji Akinyanju
(Replaced as Chairman on 9th February 2016; resigned with effect from 22nd August 2017)

Managing Director
Mr. David Butler (South African)

Non-Executive Directors
Alhaji Tunde Yusuf
(Resigned with effect from 29th March 2016)
Mr. Mark Hilton (British)
(Resigned with effect from 19th March 2016)
Ms. Doyin Akinyanju
(Resigned with effect from 22nd August 2017)
Mr. Idris Mohammed
(Resigned with effect from 26th September 2017)
Dr. Adenike Fajemirokun
(Resigned with effect from 7th December 2016)
Mr. Babatunde Fajemirokun
(Appointed with effect from 7th December 2016)
Mr. Lanre Fabunmi
Mr. Elia Roumani (American)
Mrs. Runa Alam (British)
(Appointed with effect from 26th September 2017)
Mr. Babacar Ka (Senegalaise)
(Appointed with effect from 26th September 2017)
Mr. Marc Stoneham (British)
(Appointed with effect from 26th September 2017)
Mr. Adefolarin Ogunsanya
(Appointed with effect from 26th September 2017)

Company Secretary / Legal Advisor
Mrs. Josephine Johnson, *ACIS*

Registered Office Address
2, Ilupeju Bye Pass, Ilupeju, Lagos, Nigeria

Auditors
Ernst & Young
Chartered Accountants
10th Floor, UBA House, 57 Marina, Lagos

Bankers
First Bank Plc
Fidelity Bank Plc
Skye Bank Plc
FCMB Plc
Zenith Bank Plc
Access Bank Plc

Solicitors
G. Elias & Co.
6, Broad Street
Lagos

Registrars
Meristem Registrars
213 Herbert Macaulay Way,
Sabo, Yaba,
Lagos

Valuers
Knight Frank
24 Campbell Street

COMPANY STRUCTURE

The following represents our structure as at December 2016:

QSR Division

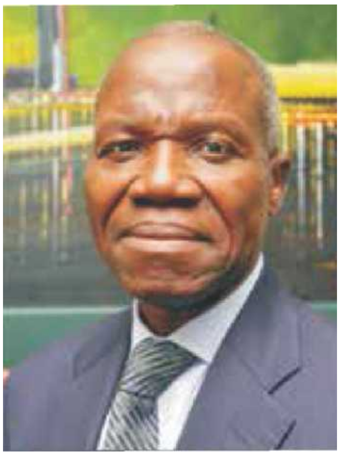
This division is made up of the Chicken Republic business, with operations based in Nigeria and Ghana.

Supply Chain Division

This division coordinates all operational support functions such as procurement, logistics and inventory management. In the future, our intention is that this division will evolve into a fully-fledged food service and distribution business.

Central Kitchen

This division is responsible for the development and operation of our supporting back-end businesses, which include the central kitchen and premix plants.



CHAIRMAN'S STATEMENT

Distinguished shareholders,

It is my pleasure to welcome you to the 16th Annual General Meeting of our Company, Food Concepts PLC, and to present to you the Company's performance in 2016 and our outlook for 2017.

I considered it a duty and was honoured to accept the invitation of the Board to return as a Director and as Chairman of the Company to guide our turnaround following the recommendation of the IFC's independent Corporate Governance team review to appoint a non-executive Chairman and I pledge to our honoured Shareholders to do my utmost to restore stability and growth to our business and value for our distinguished shareholders.

You will see from our operating results that our newly appointed Group Managing Director and his seasoned team can now begin the arduous task of restoring value and bringing much needed discipline and investment to our business.

BUSINESS ENVIRONMENT

2016 was marked by financial fragility, growth amidst macroeconomic headwinds, and, unfortunately, litigation.

We are all aware of the challenges Nigeria faced in 2016 with a marked Naira depreciation hitting our cost base for equipment and foodstuff hard. It is a testament to management that a focus on Affordable Value achieved some growth amidst the storm.

CORPORATE GOVERNANCE

The Board invited the IFC's independent Africa Corporate Governance team to conduct a review of Food Concepts' corporate governance early in the year. The report highlighted the need to strengthen our Corporate Governance and a revived and strengthened Corporate Governance Committee under the Chairmanship of Mr. Elia Roumani has been working hard to overhaul, restructure, and strengthen our Board Committees as well as our risk management framework and I am pleased to report significant progress.

LOOKING TO THE FUTURE

I have great confidence that Mr. Butler and his leadership team are setting the Company on a path to restore value. We expect the positive trend in performance achieved in the latter part of 2016 to continue in 2017. For this, we will need investment and your Board will make available to every shareholder the opportunity to invest at market value. We also understand that some shareholders may wish to sell, and we will seek to enable these shareholders to sell their holdings on comparable terms.

CONCLUSION

On behalf of our whole Board, I wish to thank you, our distinguished shareholders, for your patience and support; we also thank every one of our people for their dedication to our Company's goals, every day.

Mr. Odunayo Olagundoye
Chairman

MANAGING DIRECTOR / CEO'S STATEMENT

Distinguished shareholders,

2016 remained a challenging year for the Company and our financial position remained unstable and fragile albeit with an improvement in operational performance compared to recent years and a resolution of the risks and liabilities from the failure of the Free Range Farms project.

FINANCIAL PERFORMANCE

Amidst the macroeconomic storms of 2016, we posted top line growth of [31%] thanks to our relentless focus on Affordable Value and significantly improved consistent operations. However, our PAT losses increased to [NGN 598mm] primarily due to the devaluation impact on some of the Company's dollar denominated loans. Our Earnings Before Interest Tax and Depreciation (EBITDA) reflected our increased sales, improving to [NGN 419mm] which while an improvement, still represents a significant loss of value for shareholders.

DELIVERING AFFORDABLE VALUE IN TOUGH TIMES

Our customers remained loyal under sustained pressure from inflation and economic recession. We experienced food price inflation of over 40% and constant challenges in accessing foreign exchange and fuel price increases.

We responded by relentlessly focusing on Affordable Value through our Refuel and Refuel Reloaded combinations. Customers have rewarded us with their trust and we have begun to gain sales and market share as a result.

RECOVERY OF SHAREHOLDER VALUE

As part of a re-structuring plan, in September 2016, the Board engaged a respected accounting firm to conduct an independent valuation which placed the value of the business at between NGN 0.19 and NGN 0.24 per share – a significant decline from the value at which shareholders invested. The Company received and did not pursue offers from international institutional investors to inject much needed funds into the Company at a price per share of around NGN 0.20 during the year.

RESOLUTION OF FC GUARANTEE OF UBA DEBT

A mediated settlement with UBA led to the sale of the remaining assets of FRF PLC being sold to the highest bidder by FRF's receiver, and a discounted remaining debt due from the Company as a result of its historic guarantee of FRF PLC's debts which will be paid off by September 2018. Nonetheless, this has unfortunately led to the Company writing off NGN 3.4bn in its 2015 accounts.

LITIGATION

You may be aware that in August 2016, the former CEO and Chairman of the Board, Mr. Deji Akinyanju, chose to bring legal action against the Company, some of its Directors and its shareholders which unfortunately has prevented the Company from being able to hold its AGM. The Company, its Directors and shareholders vigorously defended Mr. Akinyanju's legal actions and countersued. I confirm that Food Concepts and Mr. Akinyanju, along with other parties to the legal proceedings, unconditionally and irrevocably withdrew their respective legal actions in 2017.

Several shareholders have asked the Board why the Company did not pursue its legal cases further. After long deliberations and thorough consideration, the Board determined that the very significant legal costs and distraction to the business from these protracted suits and counter-suits were not productive and could not see the economic benefit of pursuing these cases further.

LOOKING TO 2017 AND BEYOND

Distinguished shareholders, 2016 was a hard year for Nigeria and our Company. I am proud at the strength and resilience of our team and the growth they have achieved and believe we are on a path to restore value to each one of you. With the right investment to complete our turnaround, Chicken Republic has the potential to be a truly great and admired West African brand and we will work tirelessly to restore value to you, our distinguished shareholders, every day.

David Butler
Managing Director / CEO

CORPORATE GOVERNANCE REPORT

Our new operating framework is centered around Good Corporate Governance. It is about " doing things the right way. Great companies do this without even thinking about it.

OVERVIEW

At Food Concepts, our Board of Directors and Management are firmly committed to achieving the highest standards of sound corporate governance. Throughout the group, the principles of fairness, responsibility, accountability and transparency are endorsed and represented. Business integrity and ethics form the very cornerstone of the way we do business with all stakeholders.

We have always adopted a very practical and responsible attitude towards corporate governance and uphold the importance of it being the core of any organization. With this in mind, the directors have conducted the leadership of the Company in compliance with best international practices. During the year, the Company complied substantially with the new Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011. We also met the requirements of other good Corporate Governance standards as listed below.

CORPORATE CODE OF CONDUCT

Food Concepts is committed to the following Corporate Governance framework:

- The highest standards of integrity in all dealings with our stakeholders and society at large.
- Carrying-out business through fair commercial competitive practices.
- Trading with customers and suppliers who subscribe to ethical business practices.
- Non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills.

CORPORATE GOVERNANCE MANUAL

The Company has entrenched the Corporate Governance Manual which summarizes its key corporate governance policies and provisions. It confirms our commitment to demonstrably lead, adhere to and promote good corporate governance throughout the Company. In order to foster the confidence of its shareholders, employees, investors, and the general public, the Manual is based on internationally recognized corporate governance principles and practices.

The Company's corporate governance framework is broadly based on the principles of Accountability, Fairness, Transparency and Responsibility to all shareholders and other stakeholders.

CODE OF BUSINESS CONDUCT

The Company has entrenched the Code of Business Conduct as a fundamental policy and this is the yardstick against which we conduct our business. Honesty and integrity inform all that we do and we carry out all work in accordance with the highest legal and ethical standards. All employees are required to comply with the spirit, as well as, the letter of this policy and to maintain the standards of conduct in all dealings.

The Board has adopted a code of business conduct for the company in order to:

- Clearly state what is an acceptable and unacceptable practice
- Guide policy by providing a set of ethical corporate standards
- Encourage ethical behaviour of the board, managers and employees at all levels
  Guide ethical decision-making
- Make infringements easy to identify
- Promote awareness of, and sensitivity to, ethical issues
- Help resolve conflicts

BOARD OF DIRECTORS

The Company has a Board of directors that comprises eight non-executive directors and one executive director. Each director has overall responsibility for implementing the Company's strategy.

RESPONSIBILITIES

The Board, inter alia, is responsible for ensuring that the Company operates in a lawful and efficient manner and that our operations result in value creation for shareholders and employees.

The Board is also accountable for ensuring the implementation of all decisions taken at Annual General Meetings as well as approving and reviewing corporate strategy, major plans of action, annual budgets and business plans.

In addition, it is the Board's role and responsibility to set performance objectives, monitor implementation and corporate performance; approve major capital expenditure acquisitions and divestments and ensure that ethical standards are established and maintained. A key role is also ensuring that the company complies with the laws of the Federal Republic of Nigeria, applicable regulations and as far as possible, meets International Best Practices. This at the same time as making sure that statutory and general rights of the Shareholders are protected at all times.

The Board held seven (7) meetings during the 2016 financial year. The following table shows membership and attendance of Directors at Board meetings in 2016 financial year:

2016 BOARD MEETING ATTENDANCE

Director	9-10 Feb	20 Apr	24 May	30 Jun	8 Aug	4 Nov	7 Dec
Mr. Olagundoye	NYA	P	P	P	P	P	P
Mr. David Butler	p	P	P	P	P	P	P
Mr. Deji Akinyanju	P	P	P	P	P	AWA	AWA
Alhaji Tunde Yusuf	P	RFB	RFB	RFB	RFB	RFB	RFB
Ms. Doyin Akinyanju	P	AWA	P	P	AWA	AWA	P
Mr. Idris Mohammed	P	P	P	P	P	P	P
Mr. Lanre Fabunmi	P	P	AWA	P	P	P	P
Mr. Babatunde Fajemirokun	P	P	AWA	P	AWA	P	P
Mr. Elia Roumani	P	P	P	P	P	P	AWA

MEETING ATTENDANCE ABBREVIATIONS:
P: Present **AWA**: Absent with apologies
RFB: Resigned from the Board **NYA:** Not yet appointed
NA: Not applicable

BOARD COMMITTEES

FINANCE & GENERAL PURPOSE COMMITTEE

This Committee was established to assist the Board in discharging its responsibilities. It is made up of some members of the board, shareholders and the executive management of the company.
The Committee meets to review business processes of the company, bring judgment to bear on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance. It also uses its knowledge and experience to contribute to the formation of policy and decision-making.

Members of the Committee who served during the year are:

Mr. Babatunde Fajemirokun	Chairman
Mr. Idris Mohammed	Member
Ms. Doyin Akinyanju	Member
Mr. Lanre Fabunmi	Member

The committee met once during the year. The following table shows meeting attendance of members of the committee:

2016 FGPC MEETING ATTENDANCE

Committee Member	18/04/16
Mr. Babatunde Fajemirokun	P
Mr. David Butler	p
Mr. Idris Mohammed	P
Mr. Lanre Fabunmi	P
Ms. Doyin Akinyanju	AWA

MEETING ATTENDANCE ABBREVIATIONS:
P: Present
AWA: Absent with apologies

AUDIT COMMITTEE

The statutory Audit Committee was established pursuant to section 359(3) of the Companies and Allied Matters Act CAP C20, LFN 2004. It is made up of two (2) shareholder representatives and two (2) board representatives (both of whom are Non-Executive Directors).

The Audit Committee meets to review the scope and planning of the audit requirements; to review the independence and objectivity of the external auditors as well as the auditors' recommendations on accounting policies and internal controls. It also has to ascertain that the accounting and reporting policies of the company for the year are in accordance with legal requirements and agreed ethical practices.

Members of the Committee who served during the year are:

Mr. Sonnie Ayere	Chairman
Mr. David Sobanjo	Member
Mr. Idris Mohammed	Member
Ms. Doyin Akinyanju	Member

The Committee met three (3) times during the year. The following table shows meeting attendance of members of the committee:

2016 AUDIT COMMITTEE MEETING ATTENDANCE

Director	20 Apr	1 Jul	22/08/16
Mr. Sonnie Ayere	P	P	P
Mr. David Sobanjo	P	P	AWA
Mr. Idris MohammedMs.	P	AWA	P
Doyin Akinyanju	AWA	P	AWA

MEETING ATTENDANCE ABBREVIATIONS:
P: Present
AWA: Absent with apologies

REMUNERATION COMMITTEE

The Remuneration Committee meets to evaluate and determine compensation policies, including level and form, for all corporate and divisional officers and certain employees, and to recommend compensation for Non-Executive Directors. The forum will also be used to advise senior management on policy and strategy regarding succession planning and the development and retention of senior executives and management teams – as well as handling other matters as required.

The Remuneration Committee shall periodically review and make recommendations to the Board concerning the level and form of compensation of Non-Executive Directors; remuneration policy for the Directors, Company Secretary and other senior executives; recommendations for the introduction of new share incentive plans or major changes to existing plans to be put to shareholders for approval.

The Committee's recommendation, which is discussed and evaluated by the full board, is based on both an assessment of the best practices of other companies and the particular circumstances of this board. Changes in board compensation, if any, must be approved by the full Board.

The Committee met once during the year under review (19/04/16). The Members of the Committee who served during the year are:

Mr. Idris Mohammed	Chairman
Ms. Doyin Akinyanju	Member
Mr. Elia Roumani	Member

2016 REMUNERATION COMMITTEE MEETING ATTENDANCE

Director	03/11/16
Mr. Idris Mohammed	P
Mr. Elia Roumani	P
Ms. Doyin Akinyanju	AWA

MEETING ATTENDANCE ABBREVIATIONS:
P: Present
AWA: Absent with apologies

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

The re-constituted members of the Committee meets to make recommendations to the Board on all matters concerning corporate governance and directorship practices, including development of corporate governance guidelines, evaluation of the board, committees and individual directors, identification and selection of new board nominees, and oversight of the company's policies relating to social and environmental issues.

Recommendations regarding changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; recommendations for appointments to the board, appointment of the Chairman of the board; appointment of Non-Executive Directors including Independent Directors, membership and chairmanship of board committees. The Committee shall also undertake a review of the company's overall corporate governance arrangements and receive reports on the views of the company's shareholders. This Committee met once this year on 19th April 2016 .

The newly constituted members of the Committee for the current year were:

Mr. Elia Roumani	Chairman
Mr. Idris Mohammed	Member

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE MEETING ATTENDANCE

Director	19/04/16
Mr. Idris Mohammed	P
Mr. Elia Roumani	P

MEETING ATTENDANCE ABBREVIATIONS:
P: Present
AWA: Absent with apologies

OUR PEOPLE

People Capability 1st: despite the continuous macro and micro economic challenges in Nigeria we have remained focused on developing our people to enable and support the growth of the business.

In 2016 the following Key appointments were made:

- Quality/HSE Manager

KEY HR ACTIVITIES

- Driving Operational Efficiencies

With a clear strategy on driving revenue, we also focused on improving a number of people operational efficiencies to ensure flow through to the bottom line. This resulted in an improvement of staff cost % to revenue of 4% and a focus on building local capability saw the reduction in the cost of expatriate employees as the number reduced from 8 to 4.

CHICKEN REPUBLIC INCENTIVE SCHEME (CRIS)

In 2014, we introduced CRIS with sole objective to recognise performance and reward restaurant teams who achieved business results that meet/exceed the company's performance goals. In 2016 as the revenue and the EBITDA of the business increased we saw an increase in the reward earned by the teams in stores where over 400 staff received incentives throughout the year.

OMEGA DEVELOPMENT PROGRAM

OMEGA is a structured internal development program that trains and develops our people in readiness for a role with additional responsibility and the opportunity to improve their quality of life by earning a higher salary.

In 2016, we developed and appointed 41 internal staff as follows:

- 3 x Area Managers
- 15 x Restaurant Managers
- 7 x Assistant Managers
- Numerous Shift Managers

To meet the growth plans of the business we continually look internally for staff to develop into these roles:

- Staff Forum Meetings: In 2016, we implemented a staff communication process called Staff Forum Meeting.

AIMS:

- Company keep staff updated on business activities and performance
- Enable top down/bottom up communication between management and non-management staff
- Encourage contributions to the overall growth and development of the Company
- Mutual alignment of staff with the goals of the organisation

STAFF

- All staff regardless of their stature or background can freely express their issues, concerns or business suggestions. The Company takes measures to use the feedback generated to seek opportunities to create value for shareholders, customers and staff. Feedback from staff is that the Staff Forum Meetings are very well received and staff are continually encouraged to suggest ideas, report concerns and challenges through the forum.

2017 FOCUS:

- Remain focused on driving people and operational efficiencies, whilst developing an enabling environment is key.
- Reward and recognition continues to shape our culture as the business grows.

Our people remain the 'engine room' of our business and as such we continue investing in our human capital and re-orientating our workforce to deliver sustainable value for our staff, customers and shareholders.

"There is a reason the windshield is bigger than the rear-view mirror… where you are going to is much more important than where you've been."

Joel Osteen

Never has the Joel Osteen quote been truer for Food Concepts.

taste more

OPERATIONS

The Nigerian QSR industry suffered a major downturn because of major challenges such as devaluation of the Naira, power supply, petrol scarcity, import restrictions, increase in import duties, high operating costs and high unemployment. This sector saw a continued decline in the influx of global fast food chains and indigenous players in the country.

In 2016, Chicken Republic is still focused on delivering extraordinary satisfaction to our customers and sales growth through quality, service, marketing and value to our customers. In 2016, we re-opened our Ibadan Challenge store and we also saw same store sales grow on prior year. In addition, Chicken Republic continued its investment in the brand to further reinforce its position in West Africa as a 'World Class Brand' through our focus on service, quality, cleanliness and value. Despite a 'not so good' financial performance in 2016, we have ensured that the brand reputation continue to grow.

The year 2017 brings along with it, Financial and Operating standards to a whole new level through the update of our Operations Department Strategy, new value meals for our customers, a clear focus on driving top line sales, sweating our assets, cost management and driving EBITDA and PAT growth.

BRAND DEVELOPMENT

We continued into 2016 with our affordable value promo designed to deliver great value to the Nigerian consumer amidst tough economic conditions and dwindling disposable income. The promos were tagged, “Refuel Combo” (1 piece of chicken and rice @ N500) and “Refuel Offer Reloaded” (1 piece of chicken, rice and a can of Coke @ N600).

The aim of the Refuel category was to achieve incremental footfall of 20% to deliver the budgeted monthly net sales. The promo was a huge success and helped in delivering over 30% growth in sales on prior year (31% growth on transactions and 2% growth on ticket average). The growth in our ticket average was a result of aggressive suggestive selling on our sides on the Refuel category.

Other great success in 2016 includes the continued aggressive roll-out of our online delivery service to more Lagos locations as well as to upcountry locations.

The online delivery service was launched in response to consumer demand for eating at the office and home, a trend driven by the ongoing ecommerce boom in Nigeria and worsening traffic situation in major cities. The online delivery platform achieved a net sale of over N137 Million Naira in the year 2016 (compared to N59 Million in 2015 – over 100% increase on 2015) significantly contributing to the total sales.

PRODUCT DEVELOPMENT

A key milestone achieved in 2016 was the launch of Spaghetti as a starch product which gave our consumers an option to rice and chips. This was a great success as it achieved over 10% contribution to the starch category as well as improving our gross profit margins and helped deliver our EBITDA cash contribution.

“A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.” Jeff Bezos

LOOKING AHEAD

Our departmental strategy for 2017 includes a new Operations Strategy focused on 6 key areas:

- Corporate Governance – ensuring that "we do the right thing all the time" - through clear accountability and zero tolerance on dishonesty. Our focus is on good ethical principles which include honesty, equality, respect for rights, integrity and adherence to the law.

- People Capability – Driving internal development, recruiting & growing great local talent, addressing non-performance and finding opportunity to recognize the teams. In particular our focus on people development is to "Get the right people on the bus, the wrong people off the bus, and the right people in the right seats." (Jim Collins, 2001).

- Customer Service – Focused on Team Member and Restaurant Management Training on delivering Outstanding Customer Service all the time to our customers.

- Sales and Profit Growth – through transaction and ticket average growth from same store and new 2016 stores, growth on our On-Line delivery platform, Gross Profit (GP) Management and Cost Management particularly around our utilities and maintenance costs.

- Financial Process and Discipline – through disciplined sales driving initiatives, Standard Operating Procedures (SOPs) around cash, stock and utilities, and Area Management Controls utilizing the Store Visit Logs as well as monthly GP and P&L reviews.

- Operational Excellence – through Operational Standards, Restaurant & Area Manager capability, Quarterly Financial and Quality Audits and delivering on the People Matrices.

Despite the current economic challenges within Nigeria, we look forward as we go through 2017 with a positive expectation of continued and improved successes at all levels. The lessons learnt in 2016, have already given us a good platform as we aim to deliver greater value and a positive profit margin to our esteemed stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

As one of the largest Quick Service Restaurants in Nigeria, we believe that we have a responsibility to positively impact the communities where we operate.

We understand the responsibility that comes with being a large corporate citizen and our Corporate Social Responsibility (CSR) policy is driven by our desire to be a force for positive change in the communities in which we operate. In 2016 we continued our focus on educational initiatives.

We partnered with Primary Schools particularly in Lagos to promote out of class learning by providing guided tours of our manufacturing process (Central Kitchen & Pie Express) and Restaurants to well over 500 students in total along with complimentary meals and ice creams for the students.

FRANCHISING OPERATIONS

Franchising has become an integral part of the Food Concepts' business model. Growing the brand across Nigeria and West Africa cannot be done solely through Company-owned stores. The funds and resources required would be limitless. Franchising has always provided a unique opportunity for corporates or individuals to own a proven business model and be part of a growing and successful QSR brand that continues to gain market share.

Our 2016 franchise performance grew by 26% on the previous year and saw the addition of 2 new franchise stores. The key drivers of the result, aside from the support from the team, was the affordable value promo designed to deliver great value to the Nigerian consumer amidst tough economic conditions and dwindling disposable income. Remodelled stores also showed a 50% growth in top-line sales.

Our strategy for franchise management and growth was reviewed in 2016. The key highlights were as follows:

- Ensure controlling share of the number of stores in the 3 main cities in Nigeria (Abuja, Lagos, Port Harcourt) and franchise-out upcountry locations.
- Review Franchise Agreement to protect the brand and ensure operational excellence and high standards developed are maintained throughout the life of the partnership.
- Upgrade and install POS (Point of Sale) system that communicates with our server giving us real-time information on sales and menu-mix performance.
- Master Franchise: find franchisees for other West African countries aside from Nigeria.
- Franchise Support: with human resources (recruitment, training and performance reviews), operational excellence, marketing activities and audits.

CONTROLS

One of the key challenges we faced and spent time and resources on ensuring was sales. In 2016, a number of our existing franchisees installed the new POS System (FrontRest ICG). Key information on the performance of the business is now at our finger tips as this system communicates directly with our server.

Access to this information enables informed decision-making on marketing activities, menu mix and day-part sales performance. This is now a pre-requisite, within the franchise agreement for all new/remodeled stores.

LOOKING AHEAD

- Expand Revenue: Grow the franchise business, through strict selection processes to ensure targeted royalties
- Finalise our Master Franchise concept agreement with franchise partners for targeted West African markets.
- Continued focus on support and driving value for franchisees and the business as a whole.
- Encouraging training for Franchisees via third party vendors to ensure direct knowledge on operations and handling of key assets.

NEW & REFURBISHED STORES

"As the world becomes more digital, it will be our humanity that differentiates us and wins with customers." Doug Mc Millan

INFORMATION TECHNOLOGY

Food Concepts continues to embrace the recognition that technology touches many different facets of our daily lives and that it has and continues to change the way that our customers interact with our brand and business. Gone are the days that customers can be viewed as passive receptors to whom we market and sell products. Instead, our customers now play an active role in helping us to innovate and deliver the brand value that they seek.

The adoption of new technology and digital platforms within our organisation enables us to anticipate what customers really want and to respond to their needs in smarter, faster and more effective ways than ever before. On this basis, digital enables to drive far richer, ever more personalised conversations with our loyal customer base.

Cloud computing and mobile devices continue to have a significant impact on people everywhere (this is particularly relevant in West Africa which is faced paced and quick to adopt new technology). The food and restaurant sector is no exception and the opportunities to adopt digital strategies that embrace multiple platforms are significant.

Our Retail Resource Planning Application has evolved and we continue to strengthen our mobile application tagged the ICG Report, which was designed for mobile devices running Android OS. ICG Report. This is a reporting system for general and executive management, which is starting to yield significant insights.

SUPPLY CHAIN

In 2016, the Nigerian economy as with most emerging markets was under pressure with significant variances in currency valuation versus the USD. The impact of this led to the following:

- The high cost of dollar and the shrinking of export revenue due to falling global oil prices has negatively impacted the Nigerian economy.
- A wide variance of about 42% between the interbank and parallel market rate due to unavailability of the currency. The unavailability was aided by;
    - The ban on sale of dollars to Bureau De Change by the Central Bank of Nigeria(CBN)
    - Restriction of access to some imported goods of 41 items by the CBN

Supply Chain capability in Nigeria is and will for the foreseeable future be a significant challenge to QSR development due to poor road infrastructure, traffic gridlock, sporadic legislation changes and limited supplier choice

The FC Supply Chain is made up of 4 units:
1) Quality Assurance/Health, Safety and Environment
2) Central Kitchen
3) Pie Express
4) Supply Chain Operations

QUALITY ASSURANCE, HEALTH AND SAFETY ENVIRONMENT

This Unit is responsible for monitoring and ensuring that all Quality, Health & Safety and Environmental legislation is complied. The Unit is also responsible for ensuring a safe working environment for all FC Stakeholders. In addition, this Unit is also saddled with the responsibility of driving continuous Process Improvement in the Organization

CENTRAL KITCHEN

The Central Kitchen offers the following benefits:

Economies of Scale: This has eliminated the cost of replicating equipment for intermediate products in our various stores.

Better Consistency: The Central Kitchen delivers a uniform standard and achieve consistent quality of intermediate products across our stores.

Greater Efficiency:

- **Human Resources:** Leaner and more efficient use of manpower through automation and specialization of tasks as this unit takes care of preparation work while allowing the stores to focus on Customer Service.
- **Purchasing:** This unit has helped to increase the purchasing power of the organization as suppliers are able to deliver to one location, thereby reducing logistics costs associated with multiple delivery points.

PIE EXPRESS

Nigerians love Pies! It is a staple food produced in most eateries and sold as a quick snack. CR's pies are unique because we have specially developed our own secret recipe. Over the years, there has been a steady growth in value and volume of pies as this contributes between 9-10% to the average monthly revenue.

The current Pie production facilities are strategically located in 8 of our stores nationwide to serve neighbouring locations.

SUPPLY CHAIN DIVISION OPERATIONS

In the year under review, the insecurities in the economy complicated supply of materials into the Nigerian Market. This was as result of the following:

- Fewer Manufacturers/Importers which led to unprecedented Price increases as demands outweighed supplies of imported finished goods
- Changes in legislation - Closure of land borders to importation and increase in tariff of prohibited items.
- Instability in the prices of goods

In the face of all these, we looked inwards and collaborated with local manufacturers to improve the quality of locally produced materials.

We partnered with our Suppliers to develop alternative materials to ensure business continuity.

SENIOR MANAGEMENT TEAM

Food Concepts is managed by a young, dynamic and highly-focused team with experience that spans business management, food operations (preparation and retailing) and financial management. It is their hard work, skill and dedication that has helped make Food Concepts the success story that it is – and that will carry the company forward to the next chapter of new achievements and growth. The following were the Senior Management Team in 2016.

Mr. David Butler
Chief Executive Officer (CEO)

Mrs. Anthonia Agbonifo
Chief Financial Officer

Mrs. Claudette Russel
Group Head-Human Resources & Administration

Mrs. Josephine A.Y. Johnson, ACIS
Company Secretary/Legal Advisor

Mr. Olusegun Olukoya
Head, Internal Audit

Mr. Solomon Ojelade
Financial Controller

Mr. Ikenna Okongwu
Chief Operating Officer, Chicken Republic

Mr. Kofi Abunu
Chief Development Officer, Chicken Republic

Mrs. Susan Rotimi
Head, Marketing

Mrs. Olayinka Ogunleye
Head, Supply Chain Division

Mr. Adebola Gbalajobi
Head, Business Intelligence & Process Control Manager

BOARD OF **DIRECTORS**

The directors who held office during the year 2016 are as follows:

Mr. Odunayo Olagundoye
Chairman
(Appointed 9th February 2016)

Mr. David Butler
MD/CEO

Mr. Deji Akinyanju
Chairman
(Replaced as Chairman on 9th February 2016)

Alhaji Tunde Yusuf
Non-executive Director

Mr Mark Hilton
Non-executive Director

Ms. Doyin Akinyanju
Non-executive Director

Mr. Idris Mohammed
Non-executive Director

Dr. Adenike Fajemirokun
Non-executive Director

Mr. Lanre Fabunmi
Non-executive Director

Mr. Elia Roumani
Non-executive Director

Mr. Babatunde Fajemirokun
Non-executive Director

Mrs. Runa Alam
Non-executive Director
(Appointed 26th September 2017)

Mr. Babacar Ka
Non-executive Director
(Appointed 26th September 2017)

Mr. Marc Stoneham
Non-executive Director
(Appointed 26th September 2017)

Mr. Adefolarin Ogunsanya
Non-executive Director
(Appointed 26th September 2017)

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors have pleasure in presenting to the members of Food Concepts Plc the ("the Company") and its subsidiaries (the Group) their report together with the consolidated and separate audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activities of the Group is the provision of restaurant services, bakery and confectionery products.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group's affairs is satisfactory and no event has occurred since the reporting date, which would affect the financial statements as presented.

RESULT FOR THE YEAR

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Chicken Republic Brand - Global				
Income inclusive of Franchisee	5,434	4,187	5,213	3,968
Less intercompany sales	(6)	(10)	-	-
Less: Revenue attributable to Franchisee	(737)	(614)	(737)	(614)
	---------	---------	----------	---------
	4,691	3,563	4,476	3,354
Add: Franchise Royalty Income	44	41	44	41
	---------	---------	---------	----------
	4,735	3,604	4,520	3,395
EBITDA	419	326	419	326
	=====	======	=====	======
Loss before taxation	(663)	(4,547)	(656)	(4,260)
Taxation	-	12	-	12
	---------	----------	---------	----------
Loss after taxation	(663)	(4,535)	(656)	(4,248)
	=====	======	=====	======

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment (PPE) during the year is given in note 16 to the consolidated and separate financial statements. In the opinion of the Directors, the market value of the Company's PPE is not less than the carrying value shown in the consolidated and separate financial statements.

DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31 December 2016 (2015: Nil).

According to section 259 (1) of the Companies and Allied Matters Act 2004 and in line with the provisions of the Articles of Association, one third of the number of Directors must retire at the Annual General Meeting and may offer themselves for re-election. Accordingly, Mr. Lanre Fabunmi and Mr. Babatunde Fajemirokun will retire at the forthcoming Annual General Meeting and being eligible, hereby offer themselves for re-election.

DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. Odunayo Olagundoye (Chairman)	*(Re-appointed 9th February 2016)*
Mr. Deji Akinyanju	*(Resigned w.e.f. 22nd August 2017)*
Mr. David Butler	*Managing Director (South African)*
Alhaji Tunde Yusuf	*(Resigned w.e.f. 29th March 2016)*
Mr. Mark Hilton	*(British) (Resigned w.e.f. 19th March 2016)*
Ms. Doyin Akinyanju	*(Resigned w.e.f. 22nd August 2017)*
Mr. Idris Mohammed	*(Resigned w.e.f. 26th September 2017)*
Dr. Adenike Fajemirokun	*(Resigned w.e.f. 7th December 2016)*
Mr. Babatunde Fajemirokun	*(Appointed w.e.f. 7th December 2016)*
Mr. Lanre Fabunmi	
Mr. Elia Roumani	*(American)*
Mrs. Runa Alam	*(British) (Appointed w.e.f. 26th September 2017)*
Mr. Babacar Ka	*(Senegalaise) Appointed w.e.f. 26th September 2017)*
Mr. Marc Stoneham	*(British) Appointed w.e.f. 26th September 2017)*
Mr. Adefolarin Ogunsanya	*(Appointed w.e.f. 26th September 2017)*

SHARE HOLDINGS

The issued and fully paid share capital of the Company as at 31 December 2016 was beneficially owned as follows:

	2016		2015	
	Number	%	Number	%
ADP 1 Holding 9	1,307,916,666	22	1,307,916,666	22
Food Concepts International Limited	2,197,493,367	37	2,197,493,367	37
International Finance Corporation	1,083,333,334	18	1,083,333,334	18
Retail investors	1,254,581,633	23	1,254,581,633	23
	5,843,325,000	100	5,843,325,000	100

The directors' interest in the paid up share capital of the Group is as follows:

	2016	2015
	(Direct)	(Direct)
Mr. Deji Akinyanju	108,000,000	108,000,000
Mr.Odunayo Olagundoye	5,000,000	5,000,000
Ms. Doyin Akinyanju	1,282,051	1,282,051

The directors' direct interest in shares have been included as part of the retail investors.

	2016	2015
	(Direct)	(Direct)
Mr. Deji Akinyanju	459,396,127	455,874,239
Alhaji Tunde Yusuf	100,501,584	100,501,584
Mr. Odunayo Olagundoye	103,766,327	103,766,327
Mr. Idris Mohammed	1,307,916,666	1,046,333,333
Ms. Doyin Akinyanju	253,867,795	253,867,795

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors has notified the Group for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, of any disclosable interest in contracts with which the Group is involved as at 31 December 2016 (2015: Nil).

EMPLOYMENT OF DISABLED PERSONS

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfill the requirements of the job. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES

Health and safety regulations are in force within the Group's premises and employees are aware of existing regulations The Group provides subsidy to all employees for medical, transportation, housing and lunch.

EMPLOYEE INVOLVEMENT AND TRAINING

The Group is committed to keeping employees fully informed as far as possible regarding the Group's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees. Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the Group's major assets, and investment in developing such skills continues.

CONTRIBUTIONS AND CHARITABLE GIFTS

The Group made no contribution to charities during the year ended 31 December 2016 (2015: Nil).

EVENTS AFTER REPORTING PERIOD

As stated in note 32, the Directors are of the opinion that there are no events after the reporting date that would have material effect on the consolidated and separate financial statements that had not been adequately provided or disclosed in the consolidated and separate financial statements.

FORMAT OF FINANCIAL STATEMENTS

The consolidated and separate financial statements have been prepared in accordance with the reporting and presentation requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the provisions of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and the requirements of Financial Reporting Council Act No. 6, 2011. The directors consider the format adopted the most suitable for the Group.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD

Josephine Johnson
FRC/2014/ICSAN/0000006496
COMPANY SECRETARY
2 July 2018

STATEMENT OF **DIRECTORS RESPONSIBILITIES**

FOR THE YEAR ENDED 31 DECEMBER 2016

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

a) Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004;

b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

C) Prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards issued by International Accounting Standards Board the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and the requirements of the Financial Reporting Council of Nigeria Act No 6, 2011.

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and of its loss for the year ended 31 December 2016. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of internal control.

Apart from the disclosure in note 30 to the financial statements, nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this consolidated and separate financial statements.

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Mr. Odunayo Olagundoye	David Butler
FRC/2014/IODN/00000007626	
Chairman	Managing Director

2 July 2018

REPORT OF THE
AUDIT COMMITTEE

In compliance with the provisions of section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we the members of the Audit Committee of Food Concepts Plc, having carried out our functions under the Act, confirm that the accounting and reporting policies of the Company, as contained in the audited consolidated financial statements for the year ended 31 December 2016, are in accordance with legal requirements and agreed ethical practice.

We confirm that the external auditors, Ernst & Young, have issued an unqualified opinion for the year ended 31 December 2016.

In our opinion, the scope and planning of the audit for the year ended 31 December 2016 was adequate and we confirm that the responses by the management to the external auditor's findings on management matters were satisfactory.

Members of the Audit Committee:
1. Mr. Sonnie Ayere - Chairman
2. Ms. Doyin Akinyanju
3. Mr. Idris Mohammed
4. Mr. David Sobanjo

Chairman, Audit Committee
27th June 2018

2016 AUDITED FINANCIAL RESULTS

Building a better
working world

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INDEPENDENT AUDITORS REPORT

TO THE SHAREHOLDERS OF FOOD CONCEPTS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Food Concepts Plc which comprise the consolidated and separate statement of financial position as at 31 December 2016, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Food Concepts Plc as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, requirements of Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing audits of Food Concepts Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Food Concepts Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 30 to the consolidated and separate financial statements which indicates that the Group recorded loss for the year of N663 million (2015: N4.5 billion (Company N656 million (2015: N4.3billion) for the year ended 31 December 2016, the current liabilities of the Group exceeded its current assets by N2.2 billion, (2015: N3.7 billion, the Company N1.9 billion (2015 N3.5 billion). These conditions indicate a material uncertainty which may cast significant doubt on the Group and the Company's ability to continue as a going concern and therefore may be unable to realize its assets and settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of intangible asset The Company's intangible asset – brand rights which has an indefinite useful life and is subject to annual impairment test, is valued at N1.262 billion as at 31 December 2016. This represents 21% of the total non-current assets and 18% of the total assets of the Group as at that date. Due to the range of judgements and assumptions used in the valuation models, and in the assessment of its impairment and the significant carrying amount of the intangible assets, this is an area considered to be significant to our audit. Key assumptions used in value in use calculations and sensitivity to changes in assumptions include earnings before interest, tax, amortization and depreciation (EBITDA) margins, discount rates, raw materials price inflation and market share during the forecast period. The carrying amount and key assumptions are disclosed in Note 17 to the consolidated financial statements. The accounting policies and details relating to the intangible asset are provided in Note 4.8.	● Audit procedures included testing the intangible asset impairment and evaluating the Company's assumptions used in assessing the recoverability of intangible asset, in particular, revenue and cash flow projections and discount rates. ● We evaluated the assumptions and methodologies used in the annual impairment test prepared by the Company. ● We challenged and tested management's assumptions particularly those applied to which the outcome of the impairment test is the most sensitive, in particular, the projected revenue growth, EBITDA margin developments and discount rates ● We also challenged and tested management's assumptions by comparing the assumptions to historic performance of the Company taking into account the sensitivity tests of the intangible assets' balances for any changes in the respective assumptions.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Directors' Responsibilities, Value added statement and Five-year financial summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The other information does not include the consolidated and separate and financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of these other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements - *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the company' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the company to cease to continue as a going concern.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. in our opinion, proper books of account have been kept by the Group and the company, so far as appears from our examination of those books; and

iii. The Group's and the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst &Young
Lagos, Nigeria
11 July 2018

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	NOTE	2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
Revenue	8	4,735	3,604	4,520	3,395
Other operating income	9	124	286	43	286
Raw materials and consumables used		(1,945)	(1,312)	(1,838)	(1,209)
Employee benefits expense	10	(954)	(906)	(937)	(887)
Depreciation and amortization	11.2	(438)	(464)	(427)	(456)
Other expenses	11	(1,512)	(1,931)	(1,419)	(1,825)
Write offs	11.1	-	(3,459)	-	(3,459)
		----------	----------	----------	----------
Operating loss		**10**	**(4,182)**	**(58)**	**(4,155)**
Finance costs	12	(158)	(238)	(158)	(238)
Finance income	13	14	134	12	133
Foreign exchange loss on convertible loans	11.3	(1,195)	-	(1,195)	-
Reversal of excess liability and provision no longer required	9.1	743	-	743	-
Share of loss of an associate	24	(77)	(261)	-	-
		----------	----------	----------	----------
Loss before taxation		**(663)**	**(4,547)**	**(656)**	**(4,260)**
Income tax expense	14	-	12	-	12
		----------	----------	----------	----------
Loss for the year		**(663)**	**(4,535)**	**(656)**	**(4,248)**
		----------	----------	----------	----------
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods net of tax:					
Exchange differences on translation of foreign operations	22.2	(55)	(12)	-	-
		--------	--------	----------	----------
Other comprehensive income for the year, net of tax		(55)	(12)	-	-
		-------	---------	----------	----------
Total comprehensive income for the year, net of tax		**(718)**	**(4,547)**	**(656)**	**(4,248)**
		----------	----------	----------	----------
Loss attributable to: Owners of the parent		(718)	(4,547)	(656)	(4,248)
		----------	----------	----------	----------
		(718)	**(4,547)**	**(656)**	**(4,248)**
		======	======	======	======
Basic loss per share for the year (Kobo)	15	(0.11)	(0.78)	(0.11)	(0.73)
		=====	=====	======	======

See notes to the consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	NOTE	2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
Assets					
Non-current assets					
Property, plant and equipment	16	3,937	4,200	3,855	4,133
Intangible assets	17	1,280	1,309	1,280	1,309
Other financial assets	23.1	251	389	251	389
Investments in subsidiaries	18	-	-	2	2
Investment in an associate	24	569	646	907	907
		---------	---------	---------	---------
Total non-current assets		6,037	6,544	6,295	6,740
		---------	---------	---------	---------
Current assets					
Inventories	19	387	156	382	152
Trade and other receivables	20	80	92	293	322
Other financial assets	23.1	-	530	-	530
Prepayments	25	347	499	346	494
Cash and short-term deposits	21.1	236	550	228	539
		---------	---------	---------	---------
		1,050	1,827	1,249	2,037
		---------	---------	---------	---------
Total assets		**7,087**	**8,371**	**7,544**	**8,777**
		=====	=====	=====	=====
Equity and liabilities					
Equity					
Issued capital	22	2,922	2,922	2,922	2,922
Share premium	22.1	4,700	4,700	4,700	4,700
Accumulated loss		(6,080)	(5,417)	(5,770)	(5,114)
Foreign currency translation reserve	22.2	(178)	(123)	-	-
		---------	---------	---------	---------
Total equity		1,364	2,082	1,852	2,508
		=====	=====	=====	=====

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION - *continued*

FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	NOTE	2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
Non-current liabilities					
Interest-bearing loans and borrowings	23.3	2,515	743	2,508	739
		2,515	743	2,508	739
Current liabilities					
Trade and other payables	27	2,242	1,694	2,220	1,678
Interest-bearing loans and borrowings	23.2	931	3,814	931	3,814
Deferred income	26	35	38	33	38
Income tax payable	14.5	-	-	-	-
		3,208	5,546	3,184	5,530
Total Liabilities		**5,723**	**6,289**	**5,692**	**6,269**
Total equity and Liabilities		**7,087**	**8,371**	**7,544**	**8,777**

See notes to the consolidated and separate financial statements.

The consolidated and separate financial statements was approved by the Board of Directors on 2 July 2018 and signed on its behalf by:

Mr. Odunayo Olagundoye
FRC/2014/IODN/00000007626
Chairman

David Butler

Managing Director

Anthonia Agbonifo
FRC/2013/ICAN/0000003934
Chief Financial Officer

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

The Group

For the year ended 31 December 2016	Issued share capital	Share premium	Accumulated Loss	Foreign currency translation reserve	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2016	2,922	4,700	(5,417)	(123)	2,082
Loss for the year	-	-	(663)	-	(663)
Other comprehensive income; net of tax	-	-	-	(55)	(55)
	----------	----------	----------	----------	----------
At 31 December 2016	2,922	4,700	(6,080)	(178)	1,364
	======	======	======	====	======
At 1 January 2015	2,683	5,009	(1,061)	(111)	6,520
Loss for the year	-	-	(4,535)	-	(4,535)
Other comprehensive income; net of tax	-	-	-	(12)	(12)
	----------	----------	----------	----------	----------
	2,683	5,009	(5,596)	(123)	1,973
Issue of share capital (Note 22)	239	(239)	-	-	-
Share issue cost (Note 22.1)	-	(70)	-	-	(70)
Changes in equity #	-	-	179	-	179
	----------	----------	----------	----------	----------
At 31 December 2015	2,922	4,700	(5,417)	(123)	2,082
	======	======	======	=====	======

#This is the accumulated loss of Mass Market Division which was demerged in February 2015. This was classified as held for sale in 2014 and formed part of the 2015 opening retained earnings.

See notes to the consolidated and separate financial statement

The Company

For the year ended 31 December 2016	Issued share capital	Share premium	Accumulated Loss	Total equity
	₦ million	₦ million	₦ million	₦ million
At 1 January 2016	2,922	4,700	(5,114)	2,508
Loss for the year	-	-	(656)	(656)
	----------	----------	----------	----------
	2,922	4,700	(5,770)	1,852
	======	======	======	======
For the year ended 31 December 2015				
At 1 January 2015	2,683	5,009	(1,045)	6,647
Loss for the year	-	-	(4,248)	(4,248)
	----------	----------	----------	----------
	2,683	5,009	(5,293)	2,399
Issue of share capital (Note 22)	239	(239)	-	-
Transaction costs (Note 22.1)	-	(70)	-	(70)
Changes in equity #	-	-	179	179
	----------	----------	----------	---------
At 31 December 2015	2,922	4,700	(5,114)	2,508
	======	======	======	======

#This is the accumulated loss of Mass Market Division which was demerged in February 2015. This was classified as held for sale in 2014 and formed part of the 2015 opening retained earnings.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	NOTE	2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
Operating activities					
Loss before taxation		(663)	(4,547)	(656)	(4,260)
Non-cash adjustment to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment	11.2	409	407	398	399
Amortisation of intangible assets	11.2	29	57	29	57
Gain on disposal of property, plant and equipment	9	(5)	-	(5)	-
Impairment loss and write off on property, plant and equipment	16	47	296	47	296
Finance income	13	(14)	(134)	(12)	(133)
Deferred income recognized in current year	26	(24)	(8)	(24)	(8)
Finance costs	12	158	238	158	238
Write off		-	3,459	-	3,459
Revaluation loss on convertible loans	11.3	1,195	-	1,195	-
Inventory write off	19	-	11	-	11
Reversal of excess liability	9.1	(743)	-	(743)	-
Exchange differences	9/11	(80)	19	-	-
Share of loss of an associate	24	77	261	-	-
Working capital adjustments:					
Increase in inventories @		(229)	(9)	(230)	(8)
increase in trade and other receivables and other financial assets $,@		(441)	(54)	(441)	(54)
Decrease/(Increase) in prepayments @		154	(15)	148	(32)
Increase in trade and other payables #,@		762	329	777	351
		-------	-------	-------	-------
		632	310	641	316
Income tax paid	14.5	-	(70)	-	(70)
		-------	-------	-------	-------
Net cash generated by operating activities		**632**	**240**	**641**	**246**
		-------	-------	-------	-------
Investing activities					
Interest received	13	14	134	12	133
Rent received in advance	26	21	23	19	23
Proceed from sale of property, plant and equipment		9	-	9	-
Purchase of property, plant and equipment	16	(172)	(507)	(171)	(506)
		-------	-------	-------	-------
Net cash used in investing activities		(128)	(350)	(131)	(350)
		-------	-------	-------	-------

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS - *continued*

FOR THE YEAR ENDED 31 DECEMBER 2016

		The Group		The Company	
	NOTE	2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
Financing activities					
Repayment of borrowings	23.4	(658)	(1,160)	(658)	(1,160)
Proceeds from borrowings	23.4	1	1,830	-	1,830
Transaction costs on issue of shares	22.1	-	(70)	-	(70)
Interest paid *		(33)	(69)	(33)	(69)
		-------	-------	-------	-------
Net cash (used in) / generated by financing activities		(690)	531	(691)	531
		-------	-------	-------	-------
Net (increase) / decrease in cash and cash equivalents		(186)	421	(181)	427
Impact of foreign currency translation @		2	(1)	-	-
Cash and cash equivalents at 1 January		420	-	409	(18)
		-------	-------	-------	-------
Cash and cash equivalents at 31 December	21.2	**236**	**420**	**228**	**409**
		=====	=====	=====	=====

2016 movements in trade and other payable has been adjusted for the following; revaluation loss on interest payable on USD convertible loans (₦220 million), reversal of excess provisions no longer required (₦580 million) (i.e. ₦743 million less ₦163 million reversal of UBA principal Note 23.4) and 2016 interest accrual for EFFI and ADP 1 Holding 9 convertible loans (₦125 million (2015 ₦167 million) (this has been offset from the interest paid)

$ 2016 movement in trade and other receivable and other financial assets has been adjusted for ₦1 billion naira paid by Kuker Farms directly to UBA bank. The corresponding entry is a reduction in borrowing without any impact on the Company's cash flow. Also excludes ₦138 million reduction in non- current other financial assets which is a direct payment of BOI loan for the sausage roll plant by FCPL to BOI.

* ₦125 million interest accrual for EFFI and ADP 1 Holding 9 convertible loans has been eliminated (2015: ₦167 million)

@ The effect of currency translation on components of working capital has been adjusted in the cash flow statement of the Group as shown in the table below:

	2016	2015
	₦ million	₦ million
Impact on changes in working capital		
Inventory	2	(1)
Trade and other receivable	17	5
Prepayment	2	(4)
Trade and other payable	(21)	(22)
Cash and cash equivalent	2	(1)
	====	====

1. CORPORATE INFORMATION

Food Concepts Plc (the Company) was incorporated in Nigeria as a limited liability company on 6 December 1999. The Company commenced operations on 27 February 2001 and became a public limited company on 9 July 2008. The Company is domiciled in Nigeria with its registered office located at 2, Illupeju Bypass, Illupeju, Lagos. The Company which currently operates with a number of subsidiaries (collectively, the Group) has operations across Nigeria and Ghana with authorized Group activities covering provision of restaurant services, confectionery product and bakery (through its associate Company).

There was no change in the nature of business of the Group during the year.
This consolidated and separate financial statements of Food Concepts Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 2 July 2018.

2 STATEMENT OF COMPLIANCE

The consolidated and separate financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.1 Composition of consolidated and separate financial statements

The financial statements are drawn up in naira (the functional currency of Food Concepts Plc) and all values are rounded to the nearest million (₦million), except where otherwise indicated. In accordance with IFRS accounting presentation, the financial statements comprise:

- Consolidated and separate statement of financial position
- Consolidated and separate statement of profit or loss and other comprehensive income
- Consolidated and separate statement of changes in equity
- Consolidated and separate Statement of cash flows
- Notes to consolidated and separate financial statements.

2.2 Financial period

These financial statements cover the financial year ended 31 December 2016, with comparative figures for the financial year ended 31 December 2015.

2.3 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values or amortised cost at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3.1 Fair value management

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- ► Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ► Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- ► Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. In assessing control, the Group takes into account its:

► Power over the subsidiary
► Exposure, or rights, to variable returns from its involvement with the subsidiary
► Ability to affect returns through exercising its power over the subsidiary

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.
If the Group loses control over a subsidiary, it:

► Derecognises the assets and liabilities of the subsidiary
► Derecognises the carrying amount of any non-controlling interest
► Derecognises the cumulative translation differences, recorded in equity
► Recognises the fair value of the consideration received
► Recognises the fair value of any investment retained
► Recognises any surplus or deficit in profit or loss
► Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of entity's financial statements are listed below. This listing is of standards and interpretations issued, which reasonably expects to be applicable at a future date. The entity intends to adopt those standards when they become effective.

3.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The company plans to adopt the new standard on the required effective date using the full retrospective method. The company performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Company is considering the clarifications issued by the IASB in an exposure draft in July 2015.

The Company is in the business of sale of food and supplies to franchisees.

Sale of goods

Contracts with customers, in which sale of food and drinks is the only performance obligation, are not expected to have any impact on the Company. The Company expects the revenue recognition to occur at a point in time when delivery of the goods is made to the customer.

(i) Variable consideration

In applying IFRS 15, the Company considered variable consideration. Under the variable consideration, the contracts with customers provide trade discounts or volume rebates. Currently, the Company recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The company continues to assess individual contracts to determine the estimated variable consideration and related constraint. The company expects that application of the constraint may result in more revenue being deferred than is under current IFRS.

(ii) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Company's financial statements. Many of the disclosure requirements in IFRS 15 are completely new.

3.2 IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. During 2015, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

3.2.1 Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

Loans and trade receivables are held to collect contractual cash flows. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9. However, the Company will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

3.2.2 Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

IFRS9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis, depending on whether or not there has been a significant increase in credit risk.

3.2.3 Hedge accounting

The Company does not have any existing hedge relationship that will qualify for hedge accounting under IFRS 9.

3.3 IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Company plans to assess the potential effect of IFRS 16 on its financial statements.

3.4 IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosures provided by the Company.

3.5 IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any significant impact on the Company.

3.6 IFRS 2 Classification and Measurement of Share-based Payment Transactions Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

3.6 IFRS 2 Classification and Measurement of Share-based Payment Transactions Amendments to IFRS 2- *continued*

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not expected to have any impact on the Company.

3.7 Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. This amendment do not have any impact on the Company.

3.8 IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. These amendments are expected to have an impact in recognising the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency on the Company.

3.9 Annual Improvements 2014-2016 Cycle (Issued in December 2016)

These improvements are effective for annual periods beginning on or after 1 January 2018 and are not expected to have impact on the Company. They include:

S/N	STANDARDS	SUMMARY
1	IFRS 1 First-time Adoption of International Financial Reporting Standards	Deletion of short-term exemptions for first-time adopters. The amendment is effective from 1 January 2018.
2	IAS 28 Investments in Associates and Joint Ventures	Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice. The amendment is effective from 1 January 2018.
3	IFRS 12 Disclosure of Interests in Other Entities	Clarification of the scope of the disclosure requirements in IFRS 12. The amendments are effective from 1 January 2017 and must be applied retrospectively.

3.10 STANDARDS EFFECTIVE DURING THE YEAR

3.10.1 IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment do not have any impact on the Company.

3.10.2 IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

These amendments do not have any impact on the Company.

3.10.3 IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment do not have any impact on the Company.

3.10.4 Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016.

These amendments will impact the Company's financial statements' presentation and disclosure requirements but will not affect recognition and measurements.

3.10.5 Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company.

3.10.6 Amendments to IAS 16 and IAS 38
Clarification of acceptable methods of depreciation and amortisation

The IASB issued amendments to IAS 16- Property, Plant and Equipment and IAS 38- Intangible Assets prohibiting the use of revenue-based depreciation methods for property, plant and equipment and limiting the use of revenue-based amortisation methods for intangible assets.

The amendments are effective prospectively. Effective date is 1 January 2016. This amendment do not have any impact on the Company

3.10.7 Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company. This has no impact on the Company.

3.10.8 Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

3.10.9 Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. This amendment will not have any impact on the Company's financial statements.

3.10.10 Amendments to IFRS 10 and IAS 28:
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments do not have any impact on the Company.

3.10.11 Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the Company

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies applied by the Group in preparing its consolidated and separate financial statements. The group has consistently applied the accounting policies in the preparation of consolidated financial statement for the year ended 2016 with the comparative year throughout all periods presented.

4.1.1 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.
Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognise the loss as 'Share of profit of an associate in the profit or loss.

Upon loss of significant influence over the associate over the joint venture, the Group measures and rcognise any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.2 Foreign currencies

Presentation and functional currency

The consolidated and separate financial statements are presented in Naira. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and upon disposal of a foreign operation, the gains or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Foreign operations

The assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

4.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/noncurrent classification. An asset is classified as current when it is:

- ► Expected to be amortized or intended to sold or consumed in normal operating cycle
- ► Held primarily for the purpose of trading
- ► Expected to be amortized within twelve months after the reporting period, or
- ► Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- ► It is expected to be settled in normal operating cycle
- ► It is held primarily for the purpose of trading
- ► It is due to be settled within twelve months after the reporting period, or
- ► There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

4.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, sales taxes, returns, rebates and discounts.

The Group's revenues consist of fees from franchised restaurants, revenue from the sale of food and supplies to franchisees, revenue from the opening of new franchised restaurants, revenue from owned restaurants.

4.4 Revenue recognition - *continued*

Fees from franchised restaurants

The Group receives royalty fees from franchisees based on 5 per cent of the franchisees' turnover from operations. The Group amortized these fees on a monthly basis.

► Revenue from the sale of food and supplies to franchisees.
Administrative fee is charged on food and supplies transferred to franchisees. Revenue is recognised when food and supplies are delivered.

► Revenue from the opening of new franchised restaurants
Revenue from the opening of new franchised restaurants is based on fixed amount as determined by management. Revenue is recognised at the commencement of trading by franchisee.

► Revenue from owned restaurants – Sales of goods
These are sales from the Company owned stores to individual and corporate customers. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend. Dividends received from subsidiaries are eliminated on consolidation.

4.5 Taxes

Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA). Company Income tax at 30% of taxable profits and Education tax at 2% of assessable profits Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

► When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

► In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

4.5 Deferred tax - *continued*

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is recognised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is recognised only when it meets the recognition criteria.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts are amortised.

After initial recognition, subsequent measurement is based on cost model. Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

Asset Class	**Number of years**
Freehold land	Not depreciated
Leasehold land and building	20-50
Plant and machinery	10
Kitchen equipment	15
Fixtures and fitting	5
Motor vehicles	5
Computers and other equipment	4

4.6 Property, plant and equipment – *continued*

Capital work-in-progress are assets under construction of which takes a substantial period of time. These are recorded at the cost incurred to date less any impairment loss and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use.
An item of property, plant and equipment is amortisation upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is amortised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.7 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

4.8 Intangible assets

Intangible assets are those identifiable non-monetary assets without physical substances. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation of computer software is calculated using the straight–line method to write down the cost of the computer software over their estimated useful life of 5 years and assessed annually for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives include the brand rights of Chicken Republic. This is not amortised, but is tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is amortised and assessed annually for impairment whenever there is an indication that the intangible asset may be impaired.

Derecognition of intangible assets

An intangible asset is amortised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

4.9.1 Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial assets at initial recognition. For all the years presented, the Group's financial assets fall under the loan and receivables classification as identified in IAS 39.

All financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group's financial assets include cash and short-term deposits, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortised is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs.

Trade and other receivables

Trade receivables are carried at original invoice amount less any allowance for impairment. When a trade receivable is determined to be uncollectable, it is written off, firstly against any provision available and then to profit or loss. Subsequent recoveries of amounts previously provided for are recognised as other income and credited to profit or loss.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash on hand, term deposits and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is amortised when:

► The rights to receive cash flows from the asset have expired

► The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In such case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.9.1 Financial assets - *continued*

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial amortised and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Trade receivables

The Group makes allowance for impairment of trade receivables where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other operating income in the profit or loss.

4.9.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. These financial liabilities are recognised initially at fair value, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the normal course of business. These amounts are classified as current because payment is expected in one year or less. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when liabilities are amortised as well as through the effective interest rate method (EIR) amortisation process.

The EIR recognition is included in finance costs in the profit or loss. Amounts is recognised in the profit or loss.

Derecognition

A financial liability is recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and the intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.10 Inventories

Inventories are valued at the lower of cost or net-realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Cost of raw materials and other costs incurred in bringing each product to its present location and condition are accounted for, on a weighted average basis. The cost of finished goods includes all direct costs relating to the purchase of these items.

4.11 Impairment of non-current assets

The Group assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Group estimates the recoverable amount of the relevant assets.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

In assessing the fair value less cost to sell, this represents the difference between the acquisition cost and the current fair value, less any impairment loss and the associated cost to sell.

4.12 Provisions, and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

4.13 Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

Where the Group makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Group's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognized as a liability where it is probable that such additional contributions will be made. The Group recognizes a reimbursement asset separately, being the lower of the amount of the associated restoration, environmental or other provision and the Group's share of the fair value of the net assets of the fund available to contributors.

4.14 Staff pension

The Group operates a defined contribution plan in line with the provisions of the Pension Reform Act 2004. This plan is in proportion to the services rendered to the Group by the employees with no further obligation on the part of the Group.

The Group contributes 10% while the employees contributes 8% of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Groups contribution is recorded as employee benefit expense in the profit or loss

4.15 Share-based payments

The senior executives of the Group receive remuneration in the form of share-based payment transactions, whereby the senior executives render services as consideration for equity instruments (equity-settled transactions). The exercise price of the share options is equal to the nominal price (₦0.50) of the underlying shares in the first year.

The share options vest if and when the senior executive remains employed on such date. The group has a re-purchase right upon termination of the optionee's services for the Group. The exercised options are subject to right of first refusal by the Group upon any sale, assignment, transfer, encumbrance or other disposition of the Group's shares.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and will be recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

4.16 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of directly attributable costs.

4.17 Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

4.18 Dividend on ordinary shares

Dividends on the group's ordinary shares are recognized in equity in the year in which they are paid or , if earlier, approved by the Group's shareholders.

4.19 Key management personnel

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group. For Food Concepts Plc key management personnel are considered to be designations from senior divisional head levels at the Group.

4.20 Basic/ diluted earnings per share

The Company presents basic/ diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding as at year of dilution.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

5.1 Judgments

5.1.1 Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Apart from the disclosure in note 30, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

5.1.2 Capital work-in-progress

Costs are recognised in accordance with the accounting policy. Initial recognition of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model. In determining the amounts to be recognised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

5.1.3 Deferred tax asset recognition

The Group recognised deferred income tax on unused tax credits and unused tax losses to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be recognised and that the Group is able to satisfy the continuing ownership test. The deferred tax assets have not been recognized on the basis of recoverability and prudence.

5.1.4 Finance and operating lease

The Group has assessed its leases in line with IAS 17 and determined that none of its leases qualify as finance leases as the Group does not assume substantially all risks and rewards incidental to ownership of the leased assets. All leases are operating leases in nature.

5.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group.

5.3 Impairment losses on trade and other receivables

The Group reviews its trade receivables individually at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

6. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board.

6.1 Segment analysis

The chief operating decision maker (CODM) has been identified as the Board which comprises the Directors. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate. The CODM considers the business from a geographic perspective, with Nigeria and Ghana being the reporting segments. The CODM assesses the performance based on operating profit before any exceptional items. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that of the financial statements. Sales between segments are carried out on an arm's length basis.

Segmentation applies only to the Group and does not apply to the Company. For management purposes, the Group is organized into business units based on their locations and has three geographical reportable segments as follows:

- ► Nigeria
- ► Ghana
- ► Mauritius

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Below is the operating result of the business unit separately for the purpose of resource allocation and performance assessment.

Year ended 31 December	2016					2015				
	Ghana	Nigeria	Mauritius	Elimi-nation	Total segment	Ghana	Nigeria	Mauritius	Elimi-nation	Total segment
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue										
External customers	221	4,514	-	-	4,735	219.00	3,385	-	-	3,604
Internal customers	-	6	-	-	6.00	-	10.00	-	-	10.00
Elimination	-	-	-	(6.00)	(6.00)	-	-	-	(10.00)	(10.00)
	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
	221	4,520	-	(6.00)	4,735	219.00	3,395	-	(10.00)	3,604
	====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Depreciation and amortisation	(11)	(427)	-	-	(438.00)	(8.00)	(456.00)	-	-	(464.00)
Impairment loss & write off on property, plant & equipment	-	(47)	-	-	(47.00)	-	(296.00)	-	-	(296.00)
Share of loss of an associate	-	(77)	-	-	(77.00)	-	(261.00)	-	-	(261.00)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Segment profit/ (loss) before taxation	70	(733)	-	-	(663.00)	(26.00)	(4,521)	-	-	(4,547)
	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Taxation	-	-	-	-	-	-	12.00	-	-	12.00
	-------	-------	-------	-------	--------	-------	---------	-------	-------	---------
Segment Profit/(loss) after taxation	70	(733)	-	-	(663.00)	(26.00)	(4,509)	-	-	(4,535)
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=======

6.1 SEGMENT REPORTING - *continued*

Year ended 31 December	2016					2015				
	Ghana	Nigeria	Mauritius	Elimi-nation	Total segment	Ghana	Nigeria	Mauritius	Elimi-nation	Total segment
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-current assets	81	5,956	-	-	6,037	67	6,477	-	-	6,544
Currents assets	13	1,249	-	(212)	1,050	21	2,035		(229)	1,827
Total assets	94	7,205	-	(212)	7,087	88	8,512		(229)	8,371
Non-current liabilities	-	2,508	7	-	2,515	-	739	4	-	743
Current Liabilities	236	3,184	-	(212)	3,208	245	5,530	-	(229)	5,546
Total liabilities	236	5,692	7	(212)	5,723	245	6,269	4	(229)	6,289
Total equity	(142)	1,513	(7)	-	1,364	(157)	2,243	(4)	-	2,082

6.2 Reconcilliation

	2016	2015
Segment loss after taxation	₦ million	₦ million
Loss after taxation for reportable segments	(663)	(4,535)
Loss for the year	(663)	(4,535)

6.2.2 Segment assets

The amounts reported to the Board with respect to total assets are measured in a manner consistent with that of the consolidated and separate financial statements. All assets are allocated to reportable segments. Segment assets are reconciled to total assets as follows:

	₦ million	₦ million
Segment assets for reportable segments	7,087	8,371
	7,087	8,371

6.2.3 Segment liabilities

The amounts reported to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to reportable segments. Segment liabilities are reconciled to total liabilities as follows:

	₦ million	₦ million
Segment liabilities for reportable segments	5,723	6,289
Total equity	5,723	6,289
Total assets	7,087	8,371
Less: Total liabilities	(5,723)	(6,289)
Total equity	1,364	2,082

7 GROUP INFORMATION

Disclosure of interest in other entities

The consolidated and separate financial statements of the Group include:

Subsidiaries			% Equity Interest	
Name	**Principal activities**	**Country of incorporation**	**2016**	**2015**
Food Concepts Ghana Limited	Restaurant	Ghana	100	100
Express Foods Franchise international	Food business	Mauritius	100	100
Associate: Food Concept Pioneer Limited	Production of baked foods	Nigeria	49.9	49.9

8 REVENUE

	The Group		The Company	
	2016	2015	2016	2015
8.1 By Business	₦ million	₦ million	₦ million	₦ million
Quick service restaurants	4,691	3,563	4,476	3,354
Franchise income	44	41	44	41
	4,735	3,604	4,520	3,395
8.2 By Geographical location:				
Outside Nigeria	221	209	-	-
Within Nigeria	4,514	3,395	4,520	3,395
	4,735	3,604	4,520	3,395

The company operate fast food restaurants where it makes sales of food and drinks, revenue generated from the restaurants are referred to as quick service restaurants. While the fee received from Franchisee for services rendered are the Franchise income are referred to as Franchise income.

9 OTHER OPERATING INCOME

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Management and shared service income *	-	13	-	13
Other income **	39	273	38	273
Profit on sale of asset	5	-	5	-
Exchange gains #	80	-	-	-
	124	286	43	286

* Management and share service income represents charges to associate company for cost recovery

** Other income includes write back of intercompany variance to profit or loss.

\# Relates to gains on translation of Food Concepts Ghana's intercompany balance with Food Concepts Nigeria.

9.1 Reversal of excess liabilities & provisions no longer required ^

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Write back of over provision for UBA loan principal^	163	-	163	-
Reversal of accrued interest and other provisions	580	-	580	-
	743	-	743	-

^ This includes the write back of over provision in respect of loan principal (N163 million reversal), interest accruals for UBA CACs facility (N313 million reversal) sequel to the reconciliation of account with UBA. Also includes write back of other provisions and accruals no longer required.

		The Group		The Company	
		2016	2015	2016	2015
		₦ million	₦ million	₦ million	₦ million
10	**EMPLOYEE BENEFIT EXPENSE**				
	Salaries and allowances	845	797	832	780
	Pension costs	21	33	20	32
	Medical expenses	15	11	14	11
	Staff meals	73	65	71	64
		………	………	………	………
		954	906	937	887
		====	====	====	====
11	**OTHER EXPENSES**				
	Audit fee	16	11	16	11
	Brand and marketing	114	62	113	62
	Bank charges	15	9	15	9
	Contract and support services	49	65	45	50
	Communication	28	30	27	29
	Directors' fee	31	40	31	40
	Exchange loss	6	24	5	5
	Hotel accommodation	-	1	-	1
	Insurance	16	15	15	15
	Professional fees	63	39	62	38
	Rental charges payable under operating leases	318	353	295	332
	Repair and maintenance	146	111	142	104
	Transport	61	118	61	118
	Utilities	467	385	428	351
	Non recurring expenses*	-	256	-	256
	Sundry expenses ^	130	104	115	96
	Impairment loss and write off on property, plant and equipment	47	296	47	296
	Training	3	-	1	-
	Rates and levies	2	12	1	12
		--------	---------	---------	---------
		1,512	1,931	1,419	1,825
		=====	=====	=====	=====

*The following are included in the non-recurring expenses in 2015;

i. the sum of N58 million being Legacy debt to various suppliers
ii. one off financial advisory services of N104 million rendered to the demerged division (Mass market) prior to the demerger.
iii. one off costs of N94 million associated with the convertible loan.
^ Included in sundry expenses are vehicle expenses, annual license cost, fumigation cost, cleaning expenses and general stationary.

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
11.1 Write-offs				
Write off on trade receivables	-	3,459	-	3,459
	=====	=====	=====	=====
11.2 Depreciation and amortisation				
Depreciation charge	409	407	398	399
Amortisation charge	29	57	29	57
	---------	---------	---------	---------
	438	464	427	456
	=====	=====	=====	=====
11.3 The Group revalued its foreign currency denominated loan				
Revaluation loss on ADP 1 Holding 9 convertible loan	627	-	627	-
Revaluation loss on EFFI convertible loan	348	-	348	-
Revaluation loss on accrued interest on EFFI and ADP 1 Holding 9 convertible loans	220	-	220	-
	---------	---------	---------	---------
	1,195	-	1,195	-
	=====	=====	=====	=====
12 FINANCE COSTS				
Interest on debts and borrowings	158	238	158	238
	---------	---------	---------	---------
	158	238	158	238
	=====	=====	=====	=====
13 FINANCE INCOME				
Interest income on short-term deposits	14	134	12	133
	---------	---------	---------	---------
	14	134	12	133
	=====	=====	=====	=====
14 INCOME TAX				
14.1 Profit or loss				
Current income tax:	-	-	-	-
Company tax	-	-	-	-
Educational tax	-	-	-	-
Over provision for prior year tax	-	(28)	-	(28)
	---------	---------	---------	---------
	-	(28)	-	(28)
Deferred tax:				
Relating to origination and reversal of temporary differences	-	16	-	16
	---------	---------	---------	---------
Income tax credit reported in profit or loss	-	(12)	-	(12)
	=====	=====	=====	=====

14.2 Corporation tax is calculated at 30 percent (2015: 30 percent) of the estimated taxable profit for the year based on the provisions of the Companies' Income Tax Act, CAP C21, LFN, 2004 as amended. The company recorded a taxable loss for the year and thus, has no tax liability. Also, the Company is not liable to minimum tax under Section 28A of the Company Income Tax Management Act because more than 25% of its equity share capital is imported.

The charge for education tax of 2 percent (2015: 2 percent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004. However, because the Company has assessable loss in the current year, no provision is made for education tax.

14.3 A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2016 and 2015 is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Accounting loss before income tax				
Loss from continuing operations	(663)	(4,547)	(656)	(4,260)
	====	======	===	======
At Nigeria's statutory income tax rate of 30% (2015: 30%)	(199)	(1,364)	(197)	(1,278)
Income exempted for tax purposes	(823)	-	(743)	-
Prior year over provision	-	(28)	-	(28)
Non-deductible expenses for tax purpose	1,022	1,380	940	1,294
	-------	--------	------	-------
At the effective income tax rate of 30% (2015: 30%)	-	(12)	-	(12)
	====	=====	===	====

14.4 Deferred taxation

Statement of financial position				
At 1 January	-	(16)	-	(16)
Deferred tax charge for the year	-	16	-	16
	---------	---------	---------	---------
At 31 December	-	-	-	-
	=====	======	=====	=====
Reflected in the statement of financial position as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	-	-	-	-
	---------	---------	---------	---------
Deferred tax (liabilities)/ assets net	-	-	-	-
Deferred tax charge/ (credit)	---------	---------	---------	---------
Movement in deferred tax	-	(16)	-	(16)
	=====	======	=====	=====

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and if it relates to income taxes levied by the same tax authority.

The amount of unused tax losses for which no deferred tax asset is recognized in the consolidated and separate statement of financial position as at 31 December 2016 are stated below. There is no expiry dates in respect of these unused tax credits.

Unutilised tax credit	2,072	1,668	2,072	1,668
	====	====	====	====

14 INCOME TAX - *continued*

14.5 Reconciliation of income tax liabilities

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
At 1 January	-	98	-	98
Company income tax paid	-	(70)	-	(70)
Education tax paid	-	-	-	-
Over provision	-	(28)	-	(28)
	-------	--------	-------	--------
At 31 December	-	-	-	-
	====	====	====	====

15 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Group and Company by the weighted average number of ordinary shares in issue during the year

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
Loss for the year	(663)	(4,535)	(656)	(4,248)
	====	======	====	======
Weighted average number of ordinary shares for basic loss per share	5,844	5,844	5,844	5,844
	---------	---------	---------	---------
Total basic loss per share	(0.11)	(0.78)	(0.11)	(0.73)
	=====	=====	=====	=====

16 PROPERTY, PLANT AND EQUIPMENT - THE GROUP

	Land and buildings	Plant and machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost:								
At 1 January 2015	3,179	597	596	1,371	720	232	335	7,030
Additions	151	82	106	48	33	20	47	487
Acquisitions*	8	-	-	10	2	-	-	20
Transfer from Capital Work In progress	151	-	(223)	17	48	-	7	-
Disposals	-	-	-	-	-	(8)	(2)	(10)
Exchange differences	(4)	(1)	-	(3)	(2)	-	-	(10)
Write off	-	-	(281)	-	(8)	-	(7)	(296)
	---------	---------	---------	---------	---------	---------	---------	---------
At 31 December 2015	**3,485**	**678**	**198**	**1,443**	**793**	**244**	**380**	**7,221**
Additions	33	80	16	8	23	1	11	172
Transfer from Capital work in progress		-	(26)	10	16	-	-	-
Disposals	-	-	-	(4)	(3)	(10)	(2)	(19)
Exchange differences	18	5	-	10	7	-	-	40
Write off	-	-	(35)	-	-	-	-	(35)
	---------	---------	---------	---------	---------	---------	---------	---------
At 31 December 2016	**3,536**	**763**	**153**	**1,467**	**836**	**235**	**389**	**7,379**
	======	======	======	======	======	======	======	======

Acquisition* - Asset acquired from a closed outlet of a franchisee. The assets acquired was recognized at the date of the acquisition at their respective estimated fair values.

16 PROPERTY, PLANT AND EQUIPMENT - THE GROUP - *continued*

	Land and buildings	Plant and machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Depreciation:								
At 1 January 2015	625	302	-	615	602	181	302	2,627
Charge for the year	138	64	-	95	66	19	25	407
Disposals	-	-	-	-	-	(8)	(2)	(10)
Exchange difference	(1)	(1)	-	1	(2)	-	-	(3)
At 31 December 2015	**762**	**365**	**-**	**711**	**666**	**192**	**325**	**3,021**
Charge for the year	152	63	-	98	51	25	20	409
Disposals	-	-	-	(3)	(1)	(10)	(2)	(16)
Exchange difference	3	3	-	5	5	-	-	16
Impairment	-	-	-	-	12	-	-	12
At 31 December 2016	**917**	**431**	**-**	**811**	**733**	**207**	**343**	**3,442**
Net book value:								
At 31 December 2016	**2,619**	**332**	**153**	**656**	**103**	**28**	**46**	**3,937**
At 31 December 2015	**2,723**	**313**	**198**	**732**	**127**	**52**	**55**	**4,200**

16 PROPERTY, PLANT AND EQUIPMENT - THE COMPANY

	Land and buildings	Plant and machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost:								
At 1 January 2015	3,128	580	596	1,342	700	231	334	6,911
Additions	150	82	106	48	33	20	47	486
Acquisition	8	-	-	10	2	-	-	20
Transfer from Capital Work In progress	151	-	(223)	17	48	-	7	-
Disposal	-	-	-	-	-	(8)	(2)	(10)
Write off	-	-	(281)	-	(8)	-	(7)	(296)
At 31 December 2015	**3,437**	**662**	**198**	**1,417**	**775**	**243**	**379**	**7,111**
Additions	33	80	16	8	23	1	10	171
Transfer from Capital work in progress	-	-	(26)	10	16	-	-	-
Disposals	-	-	-	(4)	(3)	(10)	(2)	(19)
Write off	-	-	(35)	-	-	-	-	(35)
At 31 December 2016	**3,470**	**742**	**153**	**1,431**	**811**	**234**	**387**	**7,228**

16 PROPERTY, PLANT AND EQUIPMENT - THE COMPANY - *continued*

	Land and buildings	Plant and machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer and office equipment	Total
Depreciation:	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2015	614	298	-	607	588	181	301	2,589
Charge for the year	136	62	-	92	65	19	25	399
Disposals	-	-	-	-	-	(9)	(1)	(10)
At 31 December 2015	**750**	**360**	**-**	**699**	**653**	**191**	**325**	**2,978**
Charge for the year	149	61	-	95	49	25	19	398
Disposals	-	-	-	(3)	-	(10)	(2)	(15)
Impairment	-	-	-	-	12	-	-	12
At 31 December 2016	**899**	**421**	**-**	**791**	**714**	**206**	**342**	**3,373**
Net book value:								
At 31 December 2016	**2,571**	**321**	**153**	**640**	**97**	**28**	**45**	**3,855**
At 31 December 2015	**2,687**	**302**	**198**	**718**	**122**	**52**	**54**	**4,133**

The impairment loss of ₦ 12 million and write off of ₦ 35 million totaling ₦ 47 million in 2016: (2015: ₦296million) represents the write-down of certain property, plant and equipment to the recoverable amount as a result of obsolescence/physical damage based on fair value less cost to sell. This was recognised in the profit or loss as other expenses.

17 INTANGIBLE ASSETS

	The Group			The Company		
	Brand rights	Computer software	Total	Brand rights	Computer software	Total
Cost:	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2015	**1,262**	**288**	**1,550**	**1,262**	**288**	**1,550**
Additions	-	-	-	-	-	-
At 31 December 2015	**1,262**	**288**	**1,550**	**1,262**	**288**	**1,550**
Additions	-	-	-	-	-	-
At 31 December 2016	**1,262**	**288**	**1,550**	**1,262**	**288**	**1,550**
Amortisation:						
At 1 January 2015	-	184	184	-	184	184
Charge for the year	-	57	57	-	57	57
At 31 December 2015	**-**	**241**	**241**	**-**	**241**	**241**
Charge for the year	-	29	29	-	29	29
At 31 December 2016	**-**	**270**	**270**	**-**	**270**	**270**
Carrying value:						
At 31 December 2016	**1,262**	**18**	**1,280**	**1,262**	**18**	**1,280**
At 31 December 2015	**1,262**	**47**	**1,309**	**1,262**	**47**	**1,309**

The brand rights were purchased and not internally generated.

17.1 Impairment testing of intangible assets with indefinite useful lives

	Chicken Republic Unit		Chicken Republic Unit	
	2015	2014	2015	2014
Brand rights with indefinite lives has been allocated to the cash generating units below, which are also operating segments for impairment testing:	The Group		The Company	
	₦ million	₦ million	₦ million	₦ million
Brand rights with indefinite useful lives (carrying amount)	1,262	1,262	1,262	1,262
	======	======	======	======
Brand rights with indefinite useful lives (Recoverable amount)	5,935	4,263	5,935	4,263
	======	======	======	======

The group performed its annual impairment test in December 2016 and 2015. The group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2016, the recoverable value (defined as the value in use) of the Group was ₦5.9 billion which is above the book value of its equity, indicating there was no potential impairment of the assets of the operating segment. The cash flow assumptions was based on a 15% annual growth in revenue while making inflation adjustment for costs. The projected cash flows have been updated to reflect the increase in customers' preferences for our products which is evidenced in the annual growth in customer count. The pre-tax discount rate applied to cash flow projections is 25% (2015: 25%). Management has used a five years cash flow projection for the purpose of the impairment testing.

i) Key assumptions used in the value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for Chicken Republic is sensitive to the following assumptions:

- EBITDA margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period

Intangible assets with indefinite useful lives continued EBITDA margins – EBITDA margins are based on average of 16% for the forecasted five years. The forecasts are based on historical performances of the business as at the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements arising essentially from economies of scale attributable to growth in number of trading stores and expense optimization. Decreased demand can lead to a decline in the EBITDA margin. A decrease in the EBITDA margin by 65% would result in impairment in the Chicken Republic unit.

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Raw materials price inflation - Estimates are obtained from published indices for Nigeria from the World bank website, as well as data relating to specific commodities. Forecast figures are used if data is publicly available (principally for Nigeria), otherwise past actual raw material price movements are used as an indicator of future price movements. Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of 15% to 10% for the key production inputs, depending on the country from where materials are sourced. If prices of raw materials increase on average by 6% more than the forecast price inflation, the Group will have no impairment.

Market share assumptions - Management expects the Group's share of the Quick Service Restaurant (QSR) to continue to grow over the forecast period. Management believes the brand will continue to attract new customers as more outlets are opened and the existing ones are revamped. Also, management will continue to provide more customers with more varieties and affordable meal categories. Thus a 17% growth in 2016 and 15% growth in the subsequent years was adopted for the forecast. The effect of new entrants is not expected to have an adverse impact on the forecasts, as management prides itself as having a good understanding of customer's preferences. Also, competitors cannot withstand our price and taste offerings.

18 INVESTMENT IN SUBSIDIARIES

	The Company	
	2016	2015
	₦ million	₦ million
Food Concepts Ghana Limited	2	2
Express Foods Franchise International (EFFIL)#	-	-
	===	===

The investment in EFFIL ($1) equivalent to ₦156 naira at historical value, this is below ₦1 million.

19 INVENTORIES

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Food and beverages	272	96	267	92
Packaging materials	62	39	62	39
Other consumables	53	21	53	21
	------	------	------	------
	387	156	382	152
	====	====	====	====

In 2015, inventory written off amounted to N11 million and this was recognized as an expense under raw material and consumables. There is no write off in the current year.

20 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Trade receivables	18	53	18	53
Amount due from related parties	-	-	213	229
Employee loans and advances	23	3	23	4
Other receivables	39	36	39	36
	-------	-------	-------	-------
	80	92	293	322
	====	====	====	====

During 2015, ₦3.4 billion from the other receivables relating to Free Range Farm Limited was impaired. This was driven by the amount paid by Kuker Farms to UBA in 2016. Note that Kuker Farms acquired the farm which was under receivership by UBA Plc

► Terms and conditions relating to related party receivables are disclosed in note 28.

► Trade receivables are non-interest bearing and are generally on 30 day terms.

20.1 Impairment of trade receivable

	The Group	The Company
	Collectively impaired	Collectively impaired
	₦ million	₦ million
At 1 January 2015	6	6
	------	------
As at 31 December 2015	6	6
	------	------
As at 31 December 2016	6	6
	====	====

20.1 Impairment of trade receivable - *continued*

At 31 December, the ageing analysis of trade receivables is as follows:

	Total	Neither-past due nor impaired	Past due but not impaired				
		Current	> 30 days	30 – 60 days	60 – 90 days	90 – 120 days	< 120 days
The Group	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2016	18	8	2	4	2	2	-
31 December 2015	53	9	16	15	11	2	-
The company							
31 December 2016	18	8	2	4	2	2	-
31 December 2015	53	9	16	15	11	2	-

With the exception of trade receivables stated above all other receivables are neither past due nor impaired and the Group does not have a policy of requesting for collateral on these receivables.

21 CASH AND CASH EQUIVALENTS

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated and separate statement of cash flows can be reconciled to the related items in the consolidated and separate statement of financial position as follows:

21.1 Cash and short-term deposit

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Cash at bank and on hand	178	225	170	217
Short-term deposits	58	325	58	322
	------	------	------	------
	236	550	228	539
	===	===	===	===

21.2 Cash and cash equivalents for the purpose of the cash flow statements

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

Cash at bank and on hand	178	225	170	218
Short-term deposits	58	325	58	321
	--------	--------	--------	--------
	236	550	228	539
Bank overdrafts (Note 23.2)	-	(130)	-	(130)
	………	………	………	………
	236	420	228	409
	====	====	====	====

22 SHARE CAPITAL AND RESERVES

	The Group		The Company	
	2016	2015	2016	2015
Authorised shares	₦ million	₦ million	₦ million	₦ million
Ordinary shares of ₦0.50 each	11,400	11,400	11,400	11,400
	11,400	11,400	11,400	11,400
Movement in Authorized share				
Ordinary shares of ₦0.50 @ Jan 1	11,400	8,800	11,400	8,800
Increase in issued share capital of ₦0.50 each	-	2,600	-	2,600
	11,400	11,400	11,400	11,400
Issued and fully paid share capital				
At 1 January	2,922	2,683	2,922	2,683
Increase in issued share capital of ₦0.50 each	-	239	-	239
At 31 December	**2,922**	**2,922**	**2,922**	**2,922**
Issued shares				
Ordinary shares of ₦0.50 each	5,844	5,844	5,844	5,844

22.1 Share premium

	The Group 2016	The Group 2015	The Company 2016	The Company 2015
At 1 January	4,700	5,009	4,700	5,009
**Increase in issued share capital	-	(239)	-	(239)
Share issue cost	-	(70)	-	(70)
At 31 December	**4,700**	**4,700**	**4,700**	**4,700**

** As a result of the tripartite share re-pricing agreement signed among Food Concepts Plc, Food concept International Limited, and ADP 1 Holding 9, which state that the companies will re-price the shares of Food Concepts Plc if it falls below ₦1.80. Due to the fall in the unit price of the shares of the Company, the Company in line with the signed agreement issued bonus shares to the investors as agreed from it share premium.

The new shares were issued as at 31 December 2015.

22.2 Foreign currency translation reserve

	The Group	
	2016	2015
	₦ million	₦ million
At 1 January	(123)	(111)
Foreign-exchange translation differences	(55)	(12)
At 31 December	**(178)**	**(123)**

23 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

			The Group		The Company	
	Rate		2016	2015	2016	2015
23.1 Other financial assets	%	Maturity	₦ million	₦ million	₦ million	₦ million
Due from Free Range Farm Limited	9		-	-	-	-
Due from Food Concepts Pioneer			251	389	251	389
			-------	-------	-------	-------
Total other financial assets			251	389	251	389
			====	====	====	====
Due from Free range farm limited (Note 21.1) – Current			-	530	-	530
			===	====	===	====
23.2 Other financial liabilities at amortised cost						
Bank overdrafts	14.5	On demand	-	130	-	130
₦900 million bank loan	7	28-Feb-16	-	52	-	52
₦1 billion bank loan	7	30-Sep-18	200	200	200	200
₦1.6 billion secured bank loan	9	28-Nov-16	-	1,600	-	1,600
₦300 million bank loan	17	On demand	-	300	-	300
ADP 1 Holding 9	10	On demand	-	286	-	286
ADP 1 Holding 9 convertible loan	10	Convertible	-	862	-	862
EFFIL convertible loan	10	Convertible	731	384	731	384
			--------	--------	--------	---------
Total current loans and borrowings			931	3,814	931	3,814
			=====	=====	=====	=====
23.3 Other financial assets and financial liabilities Non-current						
₦1 billion bank loan	7	30-Sep-18	150	350	150	350
₦539 BOI loan #	7	31-Jul-17	251	389	251	389
₦1.6 billion secured bank loan			332	-	332	-
ADP 1 Holding 9 convertible loan			1,775	-	1,775	-
Other loans in subsidiary ^			7	4	-	-
			-------	-------	-------	-------
Total non-current loans and borrowings			2,515	743	2,508	739
			=====	====	=====	====
Total loans			3,446	4,557	3,439	4,553
			=====	====	=====	=====

** The balance shown as overdraft in 2015 is not interest bearing. This represents total values of non-funded cheques issued to various vendors which have not been presented as at year end.

BOI loan for the sausage roll plant, payable directly by FCPL to the bank. An equivalent amount is classified as other financial asset in Food Concepts books.

^ Relates to EFFIL loan.

23.4 Movement in borrowings (excluding overdraft)

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Opening	4,427	2,728	4,423	2,724
Additions-Nigeria	-	1,830	-	1,830
Addition-EFFIL loan	1	-	-	-
Effect of currency translation on EFFIL loan	2			
Revaluation loss on ADP 1 Holding 9 Convertible loan	627	-	627	-
Revaluation Loss: EFFI convertible loan	348	-	348	-
Repayments- Food Concepts **	(658)	(1,160)	(658)	(1,160)
Direct payment to UBA by Kuker Farms	(1,000)	-	(1,000)	-
Repayments by FCPL on the sausage roll loan	(138)	-	(138)	-
Reversal of excess provision for UBA loan	(163)	-	(163)	-
Reclassified from Brand payable (Note 28 24.2)	-	384	-	384
Reclassified from previously classified as held for sales	-	645	-	645
	======	======	======	======
	3,446	4,427	3,439	4,423
	======	======	======	======

** This is the total payments from Company's cash flows in 2016

Bank overdraft
The bank overdrafts are secured by a portion of the Group's short-term deposits.

₦1.6 billion bank loan
₦1.6 billion bank loan represents a term loan under the Central Bank of Nigeria Commercial Agriculture Credit Scheme (CACS) that was borrowed on behalf of its former subsidiary, Free Range Farms Plc. Free Range Farms Plc has the sole responsibility for the repayment of the loan and interest. The loan was restructured with a new maturity date up to 28th November 2016

₦900 million bank loan
The outstanding on ₦5.5bn note issuance facility structured by FBN Capital Limited was also refinanced through Bank of Industry intervention fund by Fidelity Bank in February 2011. The maturity date is 2016. The loan has been fully paid during the year.

₦1 billion BOI loan
This represents N1billion loan from Bank of Industry for Food Concepts Plc. The loan was granted in August 2013 with a maturity date in September 2018 with quarterly repayment based on initial prime lending rate of 7%

₦300 million loan
This represents FCMB loan used to pay down on outstanding obligation with UBA to aid the release of documents for properties being proposed as security for CACS facility. The loan was granted at 17% interest rate. The loan has been paid fully during the year.

₦539 million BOI loan
This represents Bank of Industry loan obtained for the Mass market division to finance the Sausage Roll plant Its was refinanced and rescheduled effective from third quarter of year 2015. This was classified as held for sale in 2014 but the transfer of obligor is yet to be perfected as Food Concepts Pioneer Limited is yet to fulfill the conditions stipulated by the bank.

EFFIL convertible loan
This represents a foreign denominated loan of $2,400,000 from Express Food Franchise International Limited (agreement date – 7 January 2015) at an interest rate of 10% per annum. The amount of interest due on conversion date shall be calculated by the lender in consultation with the borrower prior to the conversion date. The interest amount shall be added to the facility and shall be subject to conversion. No interest is payable on the facility at any time but shall be converted with the principal prior to the conversion date. The holder has the right to convert the loan to a variable no of shares.

ADP 1 Holding 9 convertible loan
This represents a foreign denominated loan of €8,109,500 from ADP 1 Holding 9 at an interest rate of 10% per annum. The amount of interest due on conversion date shall be calculated by the lender in consultation with the borrower prior to the conversion date. The interest amount shall be added to the facility and shall be subject to conversion. No interest is payable on the facility at any time but shall be converted with the principal prior to the conversion date. The holder has the right to convert the loan to a variable no of shares.

23.5 Fair values

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required) Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated and separate financial statements approximate their fair values.

The Group	Carrying ammount			Fair value
	2016	2015	2016	2015
Financial assets	₦ million	₦ million	₦ million	₦ million
Loans and receivables:				
Loan to Free Range Farms Plc *	-	530	-	530
Loan to FCPL *	251	389	251	389
Trade and other receivables	80	92	80	92
	====	====	====	====
Financial liabilities				
Borrowings				
Bank overdrafts *	-	130	-	130
Fixed interest rate borrowings	3,446	4,427	3,453	4,442
Trade and other payable	2,242	1,694	2,242	1,694
	=====	=====	=====	=====
The Company				
Financial assets				
Loans and receivables:				
Loan to Free Range Farms Plc*	-	530	-	530
Loan to FCPL*	251	389	251	389
Trade and other receivables	293	322	293	322
	====	====	====	====
Financial liabilities				
Borrowings				
Short term borrowings	-	130	-	130
Fixed rate borrowings	3,439	4,423	3,446	4,438
Trade and other payable	2,478	1,678	2,478	1,678
	======	======	======	======

*The fair value is the same as the carrying value due to the short maturity profile.

23.6 Fair values

The Group	Fair value hierarchy as at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
Loan to related party*	-	-	251	251
Trade and other receivables	-	-	80	80
	-------	-------	-------	-------
	-	-	331	331
	====	====	====	====
Financial liabilities held at amortised cost:				
Borrowings:				
Fixed interest rate borrowings	-	-	3,446	3,453
Trade and other payables	-	-	2,242	2,242
	-------	-------	-------	----------
	-	-	5,688	5,695
	======	======	======	=====

23.6 Fair value-*continued*

	Fair value hierarchy as at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:	-	-	919	919
Loan to related parties*	-	-	92	92
Trade and other receivables	-------	-------	-------	-------
	-	-	1,011	1,011
	====	====	====	====
Financial liabilities held at amortised cost:				
Borrowings:				
Short term borrowings	-	-	130	130
Fixed interest rate borrowings	-	-	4,427	4,442
Trade and other payables	-	-	1,694	1,694
	-------	-------	-------	----------
	-	-	6,251	6,266
	=====	====	======	=====

The fair values of the financial assets and financial liabilities included in the level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

23.7 Notes relating to other financial assets and financial liabilities

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2016 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Loans to related parties	DCF method	Constant repayment rate	15% - 17%	1% increase/ (decrease) would result in an increase (decrease) in fair value by N 3million
Fixed and prime interest rate borrowings	DCF method	Constant repayment rate	15% - 17%	5% increase/(decrease) would result in an increase (decrease) in fair value by N31million

24 INVESTMENT IN AN ASSOCIATE

The group has a 49.9% interest in Food Concept Pioneer Limited. Food Concepts Pioneer Limited was incorporated in Nigeria as a limited liability company. The principal activities of the Company include the production, marketing, sale and distribution of baked products, confectioneries, beverages, cereal flour milling in Nigeria including but not limited to bread and sausage rolls. The year end of the associate is 30 September. The group has used the financial statement as at 30 September 2015 because it is the last audited financials of the associate. There has been no material/significant transactions that require adjustments.

The group's interest in Food Concept Pioneer Limited is accounted for using the equity method in the consolidated and separate financial statements. The following table illustrates the summarized financial information of the Group's investment in Food Concept Pioneer Limited:

	2016	2015
	₦ million	₦ million
Investment in associate - Company	907	907
	====	====
Group		
Current assets	260	522
Non-current assets	1,454	1,480
Current liabilities	(433)	(430)
Non-current liabilities	(140)	(276)
	-------	-------
Equity	**1,141**	**1,296**
	====	====
Group's carrying amount of the investment	**569**	**646**
	====	====
Revenue	1,638	681
Cost of sales	(1,396)	(553)
Administrative expenses	(437)	(875)
Finance income	11	30
Finance costs	(37)	(29)
	--------	--------
Loss before tax	(221)	(746)
Income tax expense	67	224
	-------	-------
Loss for the year	(154)	(522)
Other comprehensive loss	-	-
	-------	-------
Total comprehensive income for the year	**(154)**	**(522)**
	-------	-------
Group's share of profit for the year	**(77)**	**(261)**
	====	====

The associate had no contingent liabilities or capital commitments as at 31 December 2016.

25 PREPAYMENT

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Rent	332	460	332	456
Insurance	9	12	8	12
Health insurance	-	5	-	5
Others	6	22	6	21
	347	499	346	494

26 DEFERRED INCOME

At 1 January	38	23	38	23
Addition for the year	21	23	19	23
Released to profit or loss	(24)	(8)	(24)	(8)
At 31 December	35	38	33	38

Deferred income relates to rent received in advance for subleased locations.

27 TRADE AND OTHER PAYABLES

Trade	635	497	621	487
Dividend	12	12	12	12
Statutory liabilities (Note 27.1)	412	406	410	404
Accruals	71	175	64	170
Bonus *	181	181	181	181
Legacy debt **	162	162	162	162
Accrued interest for convertible loans***	513	169	513	169
Others	256	92	257	93
	2,242	1,694	2,220	1,678

*This relates to amount due to key management personnel of the Company which is to be converted to equity.

** This includes the payable for financial advisory services of N104 million for the services rendered to the demerged division Mass Market prior to the demerger and N58 million other legacy debt.

*** This relates to accrued interest on ADP 1 Holding 9and EFFI convertible loans which is expected to be converted to equity alongside the principal.

Terms and conditions of the above financial liabilities:

► Trade payables are non-interest bearing and are normally settled on 60-day terms
► Other payables are non-interest bearing and have an average term of six months
► Interest payable is to be converted along with the principal. Refer to the above note.

27.1 Statutory liabilities

Included in statutory liabilities are pay as you earn, pension, consumption tax, withholding tax, value added tax, Industrial training fund, employee compensation fund and National housing fund.

28 RELATED PARTY TRANSACTIONS

28.1 Balances and transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

28.1 RELATED PARTY TRANSACTIONS - *continued*

	Nature of transaction	Category	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
			₦ million	₦ million	₦ million	₦ million
Food Concepts Ghana Limited:	Purchase of material	Subsidiary				
31-Dec-16			6	-	213	-
31-Dec-15			10	3	229	-
Tricorn Capital:	Professional services *	Common Director				
31-Dec-16	-	-	-	-	-	-
31-Dec-15	-	-	-	85	-	-
Fajemirokun & Fajemirokun:	Property rent *	Common Director				
31-Dec-16			-	17	-	-
31-Dec-15			-	14	-	-
Ayo Olagundoye:	Property rent *	Director				
31-Dec-16			-	22	-	-
31-Dec-15			-	16		-
Kikkirossi	Professional services	Common Director				
31-Dec-16			-	-	-	-
31-Dec-15			-	13	-	-
ADP 1 Holding 9#	Loan and related interest	Shareholder				
31-Dec-16			-	86		2,150
31-Dec-15			-	130		1,278
EFFIL #	Loan and related interest	Common Director				
31-Dec-16			-	39		870
31-Dec-15			-	38		422
Free Range Farms	Management fee, loan and related interest and purchase of Chicken	Common Shareholding				
31-Dec-16			270	15	-	-
31-Dec-15			301	146	530	17
Food Concepts Pioneer Limited	Purchase of bread, Loan and related interest	Associate				
31-Dec-16			-	5	251	-
31-Dec-15			-		389	-

The amount due to EFFI and ADP 1 Holding 9 includes outstanding principal and accrued interests.

28.1 RELATED PARTY TRANSACTIONS - *continued*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: ₦3.4 billion, this is included in the write offs in profit or loss and other comprehensive income). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

28.2 Compensation of key management personnel of the Group

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Short-term employee benefits	117	129	117	129
Defined contribution	1	-	1	-
	-------	-------	-------	-------
Total compensation paid to key Management personnel	118	129	118	129
	====	====	====	====

Key management personnel are considered to be designations from senior divisional head levels at the Group. The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Nature of Related	Year	Nature of transaction	Amount of transaction	Due to	Due from
			₦ million	₦ million	₦ million
Key Management personnel	2016	Remuneration expenses	118	-	-
			====	====	====
	2015	Remuneration expenses	129	-	-
			====	====	====

28.3 Directors and Employees

Directors

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
The remuneration paid to the Directors	43	189	43	189
Directors fees	31	40	31	40
	------	-----	-------	-------
	74	229	74	229
	===	====	===	====
Fees and other emoluments disclosed include amounts paid to:				
Chairman	6	170	6	170
	===	====	===	====
The highest paid Director	43	170	43	170
	===	====	===	====

28.3 Directors and Employees - continued

Scale of other Directors' emoluments**	The Group		The Company	
	Number	Number	Number	Number
	2016	2015	2016	2015
₦1 to ₦1,000,000	5	3	5	3
₦1,000,001 to ₦3,000,000	-	1	-	1
₦3,000,001 to ₦6,000,000	2	4	2	4
₦6,000,001 to ₦9,000,000	2	1	2	1
	----	-----	-----	-----
	9	9	9	9
	===	===	===	===

** Some directors did not collect any emoluments during the current year

28.2 Employees

The number of employees other than the Directors who earned more than ₦140,000 in the year were as follows:

	The Group		The Company	
	Number	Number	Number	Number
	2016	2015	2016	2015
₦140,001 to ₦180,000	20	48	-	-
₦180,001 to ₦280,000	489	338	478	328
₦280,001 to ₦480,001	187	251	185	246
₦480,001 to ₦720,001	34	76	33	76
₦720,001 to ₦1,000,000	56	25	56	25
₦1,000,001 to ₦3,000,000	66	60	64	59
₦3,000,001 to above	31	37	31	36
	----	-----	-----	-----
	883	835	847	770
	===	===	===	===

The number of full-time persons employed as at 31 December 2016 was as follows

	The Group		The Company	
	Number	Number	Number	Number
Retail outlets	742	700	709	638
Administration	141	135	138	132
	………	………	………	………
	883	835	847	770
	====	====	====	====

29 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the payables that define capital structure requirements. Breaches in meeting the financial covenants would permit the creditors to immediately call. There have been no breaches in the financial covenants of any payables in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, trade and other payables, loans and borrowing less cash and short-term deposits.

29 CAPITAL MANAGEMENT - *continued*

	The Group		The Company	
	2016	2015	2016	2015
	₦ million	₦ million	₦ million	₦ million
Interest-bearing loans and borrowings	3,446	4,557	3,439	4,553
Trade and other payables (Note 27)	2,242	1,694	2,220	1,678
	…………	…………	…………	…………
	5,688	6,251	5,659	6,231
Less: cash and short-term deposits (Note 21.1)	(236)	(550)	(228)	(539)
	…………	…………	…………	…………
Net debt	5,452	5,701	5,431	5,692
Equity	1,364	2,082	1,852	2,508
	…………	…………	…………	…………
Equity and net debt	6,816	7,783	7,283	8,200
	…………	…………	…………	…………
Gearing	80%	73%	75%	69%
	=====	=====	====	====

30 GOING CONCERN

The group has been making recurring losses in the last five (5) years and has incurred a net loss of N663 million for the year ended 31 December 2016 (2015: N4.5 billion) (Company N656 million (2015: N4.2 billion) for the year ended 31 December 2016, the current liabilities of the Group exceeded current assets by N2.2 billion (2015: N3.7 billion (the Company N1.9 billion (2015: N3.5 billion)). These conditions indicate an existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and as such may not be able to realize its assets or discharge its liabilities in the ordinary course of business.

Management has established basic initiatives which aim to return the Company to profitability. These initiatives include management commitment to cost minimization and growth in revenue base through constant improvement in Chicken Republic stores' outlook to give customers a better customer experience. It is important to note that the loss position of the business was caused significantly by one off items i.e. impairments of receivables from related parties, foreign exchange losses on USD denominated loans, interest expenses on convertible loans, litigation expenses etc. all of which have now been resolved and management can now concentrate on the core business activities of the Group. In addition, management has established a business intelligence unit, the role performs an evaluation of all project initiatives to ascertain its viability and profitability; resources are only deployed when the evaluation result shows positive returns to the business. The Company has also taken steps to improve its Corporate Governance practices which include amongst others, the establishment of a board Corporate Governance and Nomination Committee (CGNC) and the implementation of procedures for the identification and management of risks

The consolidated and separate financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis of preparation presumes that the Group would be able to realize its assets and discharge its liabilities in the ordinary course of business.

31 CONTINGENCIES

In 2012, the Group entered into a put option deed agreement relating to ordinary shares with ADP 1 Holding 9 (the seller) and Food Concept International Limited (the Sponsor). The Company granted the seller a put option to require the Company to purchase all or any of the option shares at a price equal to the purchase consideration or such portion thereof as is commensurate to the number of option shares in respect of which the seller exercises the Company put option. This contract gives rise to a contingent liability which should be recognised at fair value upon completion, the Company shall pay by electronic funds transfer in US dollars to the nominated bank account.

32 EVENT AFTER REPORTING DATE

No events or transactions have occurred since the reporting date, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order to make them not misleading as to the financial position or results of operations.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The group has loan and other receivables, trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

Risk Management and policy

The group does not trade in financial instruments. However, it deploys a number of financial instruments in its normal operations. The main purpose of the Group's financial liabilities is to finance the Group's operations whereas the Groups involvement in financial assets is as a result of its trading or operational activities. The significance of financial instrument in the financial position of the Group is summarized in Note 23 above. The significance of financial instrument in the Group's performance is as shown in the statement of profit or loss and other comprehensive income.

The Group's involvement in financial instrument exposes it to a number of financial risks which are broadly classified as market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks under the guidance of a risk management framework/policy approved by the Board. The policy covers the Group's financial risk-taking activities including adequate levels of roles and responsibilities and procedures to ensure that financial risks are identified, measured and managed in accordance with Group policies and risk appetite. The Board of Directors from time to time reviews and agrees policies for managing each of the Group's financial instrument related risks.

The board of Directors reviews and agrees policies for managing each of these risks.
The nature and extent of risks arising from financial instruments to which the Group is exposed to are disclosed below:

Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group's credit risk arises from trade and other receivables, loans receivable, cash and short-term deposits.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.
The group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2016 and 2015 is the carrying amounts as illustrated in Note 20, 23.3 and 27.
At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk are mainly the Group's loans and receivables and short-term deposits, interest bearing loans and borrowings.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The policy provides for credit quality of each customer to be assessed based on an extensive credit analysis and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored using the age analysis information that is generated for management. The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Information on the maximum exposure to credit risk at the reporting date, including ageing analysis and impairment is included in Note 20. No collateral was held for trade and other receivables.

Cash and short-term deposits

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with its banking policy.

(i) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group placed surplus funds with its Group Corporate bankers on short term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and not affected by fluctuations in rates during the tenor.

Each fixed deposit is covered by a certificate of deposit issued by the bank. The group manages its exposure to market interest rate risk on long-term obligations by having mainly fixed rate loans and borrowings. This is because the exposures on interest rate on borrowings are fixed in the Group at the end of the reporting period.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group exposure to risk of changes in foreign exchange rates relates to expenses consummated in foreign currencies (US dollar and Pound sterling) for example emoluments of expatriates, foreign travel costs, convertible loan notes etc.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Naira against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes exposure to risk of changes in foreign exchange rates relates to expenses consummated in foreign currencies (US dollar and Pound sterling) e.g. emoluments of expatriates, foreign travel costs, convertible loan notes etc. and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Naira strengthens 5% against the relevant currency. For a 5% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative. The Group's exposure to foreign currency changes for all other currencies is material majorly due to the convertible loans.

	%	US Dollar impact
		₦ million
2016	5%	(264)
	(5%)	264
2015	5%	(82)
	(5%)	82

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

Foreign currency sensitivity analysis - *continued*

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year

The group's corporate treasury unit provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks.

These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risks, financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Liquidity risk

The group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

Liquidity risk is the risk that an entity is unable to pay its obligations as and when they fall due. The Group monitors its risk to a shortage of funds using a recurring liquidity and budgetary planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. To achieve this therefore, the Group management performs analysis and maintains good relationship with banks and other financiers.

Data is generated for management regularly to monitor the maturity profile of liabilities to trigger repayments arrangements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	THE GROUP				
31 December 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Borrowings	-	29	558	2,905	3,492
Trade and other payables	1,231	-	1,011	-	2,242
	--------	--------	--------	--------	--------
	1,231	29	1,569	2,905	5,734
	=====	=====	=====	=====	=====
31 December 2015					
Borrowings	130	385	3,516	637	4,668
Trade and other payables	1,344	-	350	-	1,694
	--------	--------	--------	--------	--------
	1,474	385	3,866	637	6,362
	=====	=====	=====	=====	=====

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

Foreign currency sensitivity analysis - *continued*

The table below summarises the maturity profile of the Company financial liabilities based on contractual undiscounted payments.

	THE COMPANY				
31 December 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Borrowings	-	29	558	2,898	3,485
Trade and other payables	1,231	-	989	-	2,220
	--------	--------	--------	--------	--------
	1,231	29	1,547	2,898	5,705
	=====	=====	=====	=====	=====
31 December 2015					
Borrowings	130	385	3,516	633	4,664
Trade and other payables	1,328	-	350	-	1,678
	--------	--------	--------	--------	--------
	1,458	385	3,866	633	6,342
	=====	=====	=====	=====	=====

VALUE ADDED STATEMENT – NATIONAL DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2016

	The Group				The Company			
	2016		2015		2016		2015	
	₦ million	%	₦ million	%	₦ million	%	₦ million	%
Revenue	4,735		3,604		4,520		3,395	
Other operating income	124		286		43		286	
Finance income	14		134		12		133	
	---------		---------		----------		---------	
	4,873		4,024		4,575		3,814	
Deduct:								
Outside purchases of services and products:								
Local Purchases of goods and services	(3,986)		(6,963)		(3,709)		(6,493)	
	---------	-----	---------	-----	---------	-----	---------	-----
Value added/ (Consumed)	887	100	(2,939)	100	866	100	(2,679)	100
	=====	===	=====	===	=====	===	=====	===
Applied as follows:								
		%		%		%		%
To pay employee:								
- salaries and labour related expenses	954	108	906	(31)	937	108	887	(33)
To provider of capital								
- interest	158	18	238	(8)	158	18	238	(9)
To Government:								
- as company taxes (Note 14.3)	-	-	(28)	1	-	-	(28)	1
- Education tax	-	-	-	-	-	-	-	-
- Deferred tax (Note 14.3)	-	-	16	(1)	-	-	16	(1)
For assets replacement								
- Depreciation and amortisation	438	49	464	(16)	427	49	456	(17)
- Retained for the future operations	(663)	(75)	(4,535)	155	(656)	(75)	(4,248)	159
	--------	-----	---------	-----	-------	-----	---------	-----
	887	100	(2,939)	100	866	100	(2,679)	100
	=====	===	======	===	=====	===	======	===

The value added/ (consumed) represents the wealth created/ (utilized) through the Group's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government, and that retained for future creation of wealth.

FIVE YEAR FINANCIAL SUMMARY- (The Group)

FOR THE YEAR ENDED 31 DECEMBER 2016

Year ended 31st December	2016	2015	2014	2013	2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Profit or loss and other comprehensive income					
Revenue from continuing operation	4,735	3,604	3,464	3,101	5,811
	=====	=====	=====	=====	=====
Revenue from discontinued operations	-	-	1,270	1,632	-
	=====	=====	=====	=====	=====
Loss before income taxation	(663)	(4,547)	(1,590)	(405)	(93)
	=====	=====	=====	=====	=====
Loss for the year	(663)	(4,535)	(1,372)	(517)	(80)
	=====	=====	=====	=====	=====
Total comprehensive loss for the year; net of tax	(718)	(4,547)	(1,485)	(516)	(79)
	=====	=====	=====	=====	=====
Loss per share (kobo)	(0.11)	(0.78)	(0.26)	(0.9)	(0.1)
	=====	=====	=====	=====	=====
Statement of financial position					
Property, plant and equipment	3,937	4,200	4,403	6,752	9,872
Intangible assets	1,280	1,309	1,366	1,416	1,462
Deferred tax asset	-	-	16	-	-
Investment in associates	569	646	-	-	-
Other non-current asset	251	389	2,216	1,979	-
Net current (liabilities)/assets	(2,158)	(3,719)	626	(352)	26
Non-current liabilities	(2,515)	(743)	(2,107)	(1,859)	(1,589)
	---------	---------	---------	---------	---------
Net assets	**1,364**	**2,082**	**6,520**	**7,936**	**9,771**
	=====	=====	=====	=====	=====
Funds employed					
Share capital	2,922	2,922	2,683	2,683	2,639
Share premium account	4,700	4,700	5,009	5,031	6,482
Retained earnings	(6,080)	(5,417)	(1,061)	223	637
Foreign currency translation reserve	(178)	(123)	(111)	2	1
Non-controlling interest	-	-	-	(3)	12
	---------	---------	---------	---------	---------
Net assets	**1,364**	**2,082**	**6,520**	**7,936**	**9,771**
	=====	=====	=====	=====	=====
Net assets per share (kobo)	**23**	**36**	**122**	**183**	**215**
	===	===	====	====	====

FIVE YEAR FINANCIAL SUMMARY- (The Company)

FOR THE YEAR ENDED 31 DECEMBER 2016

Year ended 31st December	2016	2015	2014	2013	2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Profit or loss and other comprehensive income					
Revenue from continuing operation	4,520	3,395	3,263	2,884	5,363
	=====	=====	=====	=====	=====
Revenue from discontinued operations	-	-	1,270	1,632	-
	=====	=====	=====	=====	=====
(Loss)/profit before income taxation	**(656)**	**(4,260)**	**(1,585)**	**324**	**(6)**
	=====	=====	=====	=====	=====
(Loss)/profit for the year	**(656)**	**(4,248)**	**(1,367)**	**(436)**	**7**
	=====	=====	=====	=====	=====
Total comprehensive (loss)/ income for the year; net of tax	**(656)**	**(4,248)**	**(1,367)**	**(436)**	**7**
	=====	=====	=====	=====	=====
Basic (loss)/ earnings per share (kobo)	(0.11)	(0.73)	(0.25)	(0.08)	0.13
	=====	=====	=====	=====	=====

	2016	2015	2014	2013	2012
Statement of financial position:					
Property, plant and equipment	3,855	4,133	4,322	6,630	5,747
Intangible assets	1,280	1,309	1,366	1,416	1,462
Other non-current asset	251	389	2,216	1,979	1,889
Deferred tax asset	-	-	16	-	-
Investment in subsidiaries	2	2	2	68	1,428
Investment in associates	907	907	-	-	-
Net current (liabilities)/assets	(1,935)	(3,493)	828	(201)	925
Non-current liabilities	(2,508)	(739)	(2,103)	(1,856)	(1,573)
	---------	---------	---------	---------	---------
Net assets	**1,852**	**2,508**	**6,647**	**8,036**	**9,878**
	=====	=====	=====	=====	=====
Funds employed					
Share capital	2,922	2,922	2,683	2,683	2,639
Share premium account	4,700	4,700	5,009	5,031	6,482
Retained earnings	(5,770)	(5,114)	(1,045)	322	757
	---------	---------	---------	---------	---------
	1,852	**2,508**	**6,647**	**8,036**	**9,878**
	=====	======	======	======	======
Net assets per share (kobo)	**32**	**43**	**124**	**184**	**217**
	=====	=====	=====	=====	=====

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of Food Concepts Plc will be held at Moremi Meeting Room, Sheraton Hotel, Mobalaji Bank-AnthonyWay, Ikeja, Lagos on Thursday 1st November 2018 at 12 noon, when there will be transacted the following businesses:

Ordinary Business

(1) To present the Audited Financial Statements of the Company for the accounting period ended 31st December 2016 and the Reports of the Directors, Auditors and Audit Committee thereon;
(2) To re-elect directors.
(3) To authorize the directors to determine the remuneration of the Auditors;
(4) To elect members of the Audit Committee

Special Business

To consider and if thought fit, pass as special resolutions with such amendments as shall be determined at the meeting:

1. THAT the directors of the Company be and are hereby authorised to raise additional capital for the Company, whether by way of a public offering, private/special placement, rights issue or other methods, or a combination of any of them through the issuance of shares, convertibles or non-convertibles, notes and or any other instruments either as a standalone or in such tranches, series or proportions, at such coupon or interest rates, within such maturity periods, and on such terms and conditions or other process all of which shall be as determined by the directors, subject to obtaining the approvals of relevant regulatory authorities.

2. THAT the Company be and is hereby authorised to offer up to 5,834,677,419 Ordinary Shares (Offer Shares) to existing shareholders of the Company (Shareholders) for cash at a price of N0.62 (sixty-two kobo) per Ordinary Share as adjusted in accordance with the terms of issuance (the Offer Price), and upon such other terms and conditions to be determined by the directors, subject to obtaining the approvals of the relevant authorities (the Equity Offering).

3. THAT the directors of the Company be and are hereby authorised to allot and issue the Offer Shares in accordance with the terms and conditions of the Equity Offering and pursuant to resolution at paragraph 1 above, including that: (i) that the right of each Shareholder to participate in the Equity Offering is exclusive to such Shareholder; and (ii) up to fifty per cent. (50%) of the Offer Shares shall be underwritten (the Underwritten Shares).

4. THAT in the event of an oversubscription for the Equity Offering, the directors of the Company be and are hereby authorised to increase the number of Ordinary Shares issued pursuant to the Equity Offering by up to 15 per cent or as SEC may permit and to issue and allot additional Ordinary Shares to the extent that can be accommodated by the Company's unissued share capital subject to the approval of the regulatory authorities and that the proceeds still be used for the same purpose as the offer/issue.

5. THAT the directors of the Company be authorised to allot the Underwritten Shares under the authority conferred by that resolution and the Shareholders hereby waive any right of pre-emption in respect of the issuance and allotment of the Underwritten Shares.

6. THAT the entry by the Company (as borrower) into an unsecured, convertible loan agreement with ADP II Holding 12 Limited and the Company dated 17 July 2018 in respect of an unsecured, convertible loan of up to US$15,000,000 (fifteen million United States Dollars) (the 2018 Convertible Loan Agreement) be and is hereby ratified and approved.

7. THAT the Directors be and are hereby authorised to issue and allot in one or more tranches Ordinary Shares at NGN0.62 (sixty-kobo) per Ordinary Share (as adjusted in accordance with the terms of the 2018 Convertible Loan Agreement) pursuant to the conversion of US$5,000,000 of the loan drawn by the Company pursuant to the 2018 Convertible Loan Agreement into Ordinary Shares and otherwise in accordance with the terms and conditions of the 2018 Convertible Loan Agreement.

To consider and, if thought fit, to pass the following ordinary resolutions:

1. THAT the Directors be and are hereby authorised to enter into any agreements and or execute any other documents necessary for and or incidental to effecting the resolutions above.

2. THAT the Directors be and are hereby authorised to appoint such professional parties and perform all such other things as may be necessary for or incidental to effecting the above resolutions, including without limitation, complying with the directives of any regulatory authority.

By Order of the Board
Dated the 2nd day of July 2018

Josephine A. Y. Johnson, ACIS
Company Secretary

REGISTERED OFFICE
2, Ilupeju Bye Pass, Ilupeju, Lagos.

PROXY

A member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not also be a member. A form of proxy is enclosed and if it is to be valid for the purposes of the meeting, it must be completed and deposited at the office of the Registrar, Meristem Registrars Limited, 213 Herbert Macaulay Way, Sabo, Yaba, Lagos not less than 48 hours before the time for holding the meeting.

AUDIT COMMITTEE

In accordance with section 359(5) of the Companies and Allied Matters Act [Cap C20, Laws of the Federation of Nigeria, 2004], a nomination (in writing) by any member or a shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

FORM OF **PROXY**

I / We...

....

Of ....

....

Being a member of Food Concepts Plc hereby appoint

....

....

Of ....

....

Or failing him/her

....

....

Of ....

....

Number of shares		
RESOLUTIONS	for	against
To receive and consider audited financial statements		
To ratify the appointment of directors		
To elect/re-elect directors		
Authorise the directors to determine the remuneration of the auditors		
Re-elect members of the audit committee		
Authorise the directors to raise additional capital for the Company		
Authorize the Company to offer up to 5,834,677,419 Ordinary Shares to existing shareholders of the Company		
Authorize the directors to allot and issue the Offer Shares in accordance with the Ts & Cs of the Equity Offering.		
Authorize the directors in the event of an oversubscription for the Equity Offering, to increase the number of Ordinary Shares issued by up to 15 percent or as SEC may permit.		
Authorize the directors to allot the Underwritten Shares; and the Shareholders hereby waive any right of pre-emption of the issuance and allotment of the Underwritten Shares.		
Approve and ratify the entry by the Company (as borrower) into an unsecured, convertible loan agreement		
Authorize the directors to issue and allot Ordinary Shares at NGN0.62 (sixty-kobo) per Ordinary Share		
Authorize the directors to enter into any agreements and/or execute any other documents necessary for and/or incidental to effecting the resolutions above		
Authorize the Directors to appoint such professional parties and perform all such other things as may be necessary for or incidental to effecting the above resolutions		

Please indicate with an "x" in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

As my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held at Sheraton Hotel, Mobalaji Bank-AnthonyWay, Ikeja, Lagos on Thursday 1st November 2018 at 12 noon, and at any adjournment thereof.

Signed this - - - - - day of - - - - - - - - - - - - - - 2018

FOOD CONCEPTS PLC

- -
Signature

ADMISSION CARD

Please Admit ....

Name of Shareholder ....

FOOD CONCEPTS PLC

FOOD CONCEPTS PLC

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