FOOD CONCEPTS PLC

2015 ANNUAL REPORT

CONTENTS


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CORPORATE INFORMATION

Chairman
Mr. Odunayo Olagundoye
(Resigned with effect from 25th June 2015 and re-appointed with effect from 9th February 2016)

MD/CEO
Mr. David Butler (South African)
(Appointed with effect from 23rd April 2015)

Non-Executive Directors
Mr. Deji Akinyanju
(Resigned with effect from 22nd August 2017)
Alhaji Tunde Yusuf
(Resigned with effect from 29th March 2016)
Mr. Paul Farrer (South African)
(Resigned with effect from 2nd November 2015)
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
(Appointed with effect from 22nd October 2015)
Mr. Elia Roumani (American)
(Appointed with effect from 15th December 2015)
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
2A Bayo Kuku Road, Ikoyi, 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 2015:

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

The former Chairman, Mr. Deji Akinyanju, is no longer a Board member or Shareholder of any Group company and there is therefore no Chairman's Statement for 2015.

David Butler
MD/CEO

GREAT WORKS ARE NOT PERFORMED BY STRENGTH, BUT BY PERSEVERANCE.

S. Johnson

MD/CEO STATEMENT

Distinguished shareholders,

2015 was an exceptionally challenging year for Food Concepts. The new management team came on seat facing historically poor financial performance, a series of legacy liabilities and inherited write-downs, and the significant losses associated with our exposure to the historic Free Range Farms PLC ("FRF") project which was ultimately placed in receivership by UBA, leaving Food Concepts with significant debt as guarantor of the loan.

FAILURE OF THE FREE RANGE FARMS PROJECT

Shareholders rightly questioned the Company's receivables position at the 2014 AGM. These, as you know, were due to the Company's liabilities relating to FRF. The failure of the FRF project led to UBA placing FRF in receivership and publishing the name of the Company and its Directors in national newspapers because of the N1.6bn UBA debt facility guaranteed by the Company. This resulted in the near bankruptcy of the Company and serious reputational damage.

STRENGTHENING AND FOCUSING THE BUSINESS

2015 saw several operational improvements including the launch of our eCommerce channel, acceleration of our store revamp program (including Ogudu, Nyanya, and Abacha), the opening of our first Express store in partnership with Total and our first Drive-thru restaurant. The bakery business comprising the Butterfield bread and YumYum sausage rolls brands was spun off into a new business majority owned by Pioneer Foods of South Africa.

FINANCIAL PERFORMANCE

Nonetheless, by November 2015, your Company was on the verge of insolvency with a cash burn rate of around N18mm a week and effectively no value remaining for shareholders. This is the reason that unfortunately the Company ended 2015 with a going concern query on its accounts.

Our financial performance reflected these challenges with top line sales marginally up on 2014 but [16%] below budget leading to a loss.

CORPORATE GOVERNANCE REPORT

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 currently comprises seven 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 four (4) meetings during the 2015 financial year. The following table shows membership and attendance of Directors at Board meetings in 2015 financial year:

2015 BOARD MEETING ATTENDANCE

MEMBERS	23/04/2015	23/04/2015	23/04/2015	23/04/2015	Total
Mr. Deji Akinyanju	P	P	P	P	4
Alhaji Tunde Yusuf	P	P	P	AWA	3
Mr. Ayo Olagundoye (resigned on 25th June 2015)	P	P	AWA	AWA	2
Ms. Doyin Akinyanju	AWA	P	P	P	3
Mr. Idris Mohammed	P	P	P	P	4
Mr. Mark Hilton	P	P	AWA	AWA	2
Mr. Paul Farrer (resigned on 2nd Nov 2015)	P	AWA	AWA	AWA	1
Mr. David Butler	P	P	P	P	4
Dr. Adenike Fajemirokun	AWA	AWA	P	P	2
Mr. Lanre Fabunmi (apptd on 22nd Oct 2015)	NA	NA	P	P	2
Mr. Elia Roumani (apptd on 15th Dec 2015)	NA	NA	NA	P	1

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. Odunayo Olagundoye *(resigned on 25th June 2015)*	Chairman
Alhaji Tunde Yusuf	Member
Mr. Idris Mohammed	Member
Mr. Mark Hilton	Member
Ms. Doyin Akinyanju	Member
Chief Joe Anyigbo	Member
Mr. Paul Farrer *(resigned on 2nd Nov 2015)*	Member
Mr. Babatunde Fajemirokun *(Alternate to Dr. Adenike Fajemirokun)*	Member
Mr. Lanre Fabunmi *(apptd on 22nd October 2015)*	Member

The committee met four (4) times during the year. The following table shows meeting attendance of members of the committee:

2015 FGPC MEETING ATTENDANCE

MEMBERS	18/02/2015	24/06/2015	21/10/2015	14/12/2015	Total
Mr. Odunayo Olagundoye	P	P	NA	NA	2
Alhaji Tunde Yusuf	P	AWA	AWA	P	2
Mr. Idris Mohammed	P	P	P	AWA	3
Mr. Mark Hilton	AWA	P	P	AWA	2
Mr. Paul Farrer	AWA	AWA	AWA	NA	0
Chief Joe Anyigbo	P	P	AWA	P	3
Ms. Doyin Akinyanju	P	P	AWA	P	3
Mr. Babatunde Fajemirokun	NA	NA	NA	P	1
Mr. Lanre Fabunmi	NA	NA	NA	P	1

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*

AUDIT COMMITTEE MEETING ATTENDANCE

MEMBERS	22/04/2015	18/09/2015	Total
Mr. Sonnie Ayere	P	P	2
Mr David Sobanjo	P	AWA	1
Mr. Idris Mohammed	P	P	2
Ms. Doyin Akinyanju	AWA	P	1

REMUNERATION COMMITTEE

The Remuneration Committee shall meet 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 three (3) times during the year under review and all members were present. The Members of the Committee who served during the year are:

Mr. Idris Mohammed	*Chairman*
Ms. Doyin Akinyanju	*Member*
Mr. Mark Hilton	*Member*

REMCO MEETING ATTENDANCE

MEMBERS	17/02/2015	22/04/15	25/06/2015	Total
Mr. Idris Mohammed	P	P	P	3
Mr. Mark Hilton	P	P	P	3
Ms. Doyin Akinyanju	P	AWA	P	2

CORPORATE GOVERNANCE & NOMINATIONS COMMITTEE

The intention is that the newly established Nominations Committee will meet 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 will meet once a year (commencing 19th April 2016). The Members of the Committee for the current year are:

Mr. Elia Roumani	*Chairman*
Alhaji Tunde Yusuf	*Member*
Mr. Idris Mohammed	*Member*

BIG JOBS USUALLY GO TO MEN WHO PROVE THEIR ABILITY TO OUTGROW THE SMALL ONES.

T. Roosevelt

Developing Great Leaders

Chicken Republic is proud to recognise

for achieving DGL1 certification of Shift Management
(Shift Manager)

Date

Training and Development Manager

C.O.O

C.E.O

OUR PEOPLE

2015 was a challenging year for Nigeria. The general elections, diesel crisis and dollar exchange rate impacted our customers and staff in one way or another.

Despite this, we remained determined to continue developing our people within the organisation to drive performance. Part of the drive was to bring in quality people to support the growth of the business. In 2015, the following key appointments were made:

- Chief Operations Officer
- Head, Internal Audit & Risk
- Business Intelligence & Process Control Manager

KEY HR INITIATIVES

In this challenging work environment, we continued to work on initiatives to support the growth of the business and the welfare of our staff.

WORK TO LIVE PROGRAM

Overview

WORK TO LIVE project came through feedback as one of the reasons for leaving (Top 3). This presented the business with an opportunity to have an impact on labour turnover through addressing this issue. Also just as importantly to reduce travelling time and the cost of travel to and from work.

Measure

To ensure that 80% of our people work close to where they live (determined by less than 1 hour or 1 bus journey to work). The program started in April 1, 2015 with 65% of employees working close to where they live. By January 31, 2016, the percentage increased to 75%.

Impact

This is still work in progress. The challenge still remains with shops on the island and in the centre of Abuja where accommodation is expensive and the majority of our team members have to travel in.

The labour turnover for stores reduced by 17% in 2015 (versus 2014).

OMEGA DEVELOPMENT PROGRAM

Overview

OMEGA is a structured internal development program that trains and develops our people in readiness for a bigger role thereby enhancing their capabilities to handle more responsibilities.

Measure

The program started in January 2015. Following a review of performance, those staff who have performed to the required level and above are nominated to attend an OMEGA sign on assessment day.

Following successful sign on, the individual follows a structured development program including Developing Great Leaders (DGL) and Support Office workshops, as well as, weekly and monthly reviews with Line Manager and Line Manager's boss. Individuals signed onto OMEGA are expected to complete within 3-6 months with the exception of development to Area Manager 6-12 months.

Impact

This is still work in progress. Today, we have twenty-seven (27) people who have been signed on to the program.

2015 - eighteen (18) staff were signed off the OMEGA development program and appointed to a bigger role in store.

UPSELLING SKILLS

Overview

UPSELLING SKILLS was a new workshop created to support the business with driving revenue in our stores through upselling side items to our customers with every transaction.

Measure

This workshop was developed and launched in June 2015. All cashiers were trained on the skills and techniques to upsell our products to customers. In July the business launched 'Side Action' Incentive. Driven by HR, the incentive encouraged our staff to use their Upselling Skills to persuade our customers to purchase a side product i.e. Coleslaw, Moin Moin, Pasta Salad, Ice Cream alongside their meal order.

Impact

Side Action Incentive has generated on average two million naira (N2 million) incremental profit per month.

2016 FOCUS

Building further on the work done in 2015 we plan to open up communication through the company through Staff Forum Meeting, providing the opportunity for 2-way communication to improve the business for our shareholders, customers and staff.

We plan to continue building simple and instant initiatives that recognize our staff for the great work that they do despite the many challenges.

Focus will remain on developing our people and building capability throughout the company as well as measuring our efficiencies to ensure our biggest asset PEOPLE are constantly adding value.

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CONVENIENCE

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CHICKEN REPUBLIC OVERVIEW

It was evident from multiple indications that the year 2015 would be a tough one for Nigeria. In December of 2014, the International Monetary Fund (IMF) forecasted the slow growth rate of the Nigerian economy to about 5% in 2015 due to falling oil prices. The actual GDP growth was 2.79% which was slower than the growth of 6.3% in 2014; this was attributed to falling oil prices, Naira devaluation, 2015 national elections and a bouquet of other issues including epileptic power supply, fuel scarcity, import restrictions and the continued insecurity issues in the Northern region.

Despite these challenges, Chicken Republic forged ahead with its 2015 strategy which focused on several key areas including launch of new store concepts, renovation of existing assets, product quality & consistency, affordable value offers and aggressive expansion of our online delivery platform. In addition, we drove efficiency by optimizing our supply chain and world class training centre to deliver on product quality and customer service. The brand ended the year staying sway on net sales versus prior year however transaction count dropped by 7%.

BRAND DEVELOPMENT

We kicked-off the year 2015 with our affordable value promo designed to deliver great value to the Nigerian consumer amidst tough economic conditions and dwindling disposable income. The promo which was tagged Vote For Value consisted of one soulfully spiced chicken and rice for just N600.

The aim of Vote for Value was to achieve incremental footfall of 10% to deliver the budgeted monthly net sales. The promo was a huge success and resulted in 30% growth in sales of the one piece chicken & rice product category whilst delivering a growth in sales and transaction count of 4% and -1% respectively.

Other great success in 2015 includes the 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 N55 Million Naira in the year 2015, significantly contributing to the total sales.

This was a phenomenal milestone given that there were no capital expenditures in launching the online store unlike the physical stores.

PRODUCT DEVELOPMENT

A key milestone achieved in 2015 was the NAFDAC registration of our Amma Jamma sauces. The Amma Jamma sauces are authentic West African spiced table sauces manufactured by Chicken Republic in our state-of-the-art Central Kitchen. The sauces offer uniqueness and quality in a market segment filled with foreign imports containing preservatives. The sauces allow customers to integrate Chicken Republic signature flavour into their everyday meals, can be used as dips and are perfect condiments for chips, yam, rice, beans and chicken.

The Amma Jamma sauce range comes in two variants Amma Jamma Rodo and Amma Jamma Shitor both in 200g tamper proof jars. The sauces are now available across all Chicken Republic outlets including franchise stores and plans are underway to retail the sauces in supermarkets across the country.

NEW STORES AND FRANCHISEES

In our quest to expand our foot prints to reach more lovers of our authentic West African spiced meals, we launched five new outlets in 2015; two company stores and three franchise stores. The two company stores were brand new store concepts namely our Drive-Thru in Abuja and Express store (in co-location with Total Nigeria Plc) in Lagos. We also remodeled three existing stores and carried out refresher work (painting & maintenance) on 17 stores across the country.

Our aim is to continue to delight our customers and grow our market share by providing fresh modern restaurant environments where customers can escape from the daily hustle and enjoy freshly prepared Authentic West African spiced meals in cool refreshing restaurant settings.

LOOKING AHEAD

Despite the current macroeconomic challenges coupled with anticipated influx of new entrants into the Nigerian QSR space, we are optimistic as we enter 2016 with a positive expectation of continued and improved successes at all levels. The lessons learnt in 2015, have already given us a good platform as we aim to deliver greater value and a positive profit margin to our esteemed stakeholders.

- **Expand revenue stream** – through retail penetration of our Amma Jamma sauces.
- **Sales and profit growth** – by driving transaction through affordable value offers and protecting ticket via suggestive sells efforts and growth of our On-Line delivery platform.
- **People capability at all levels** – 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 Service Everytime (OSE)
- **Financial process and discipline** – through disciplined adherence to policies and processes including 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.

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AWESOMENESS

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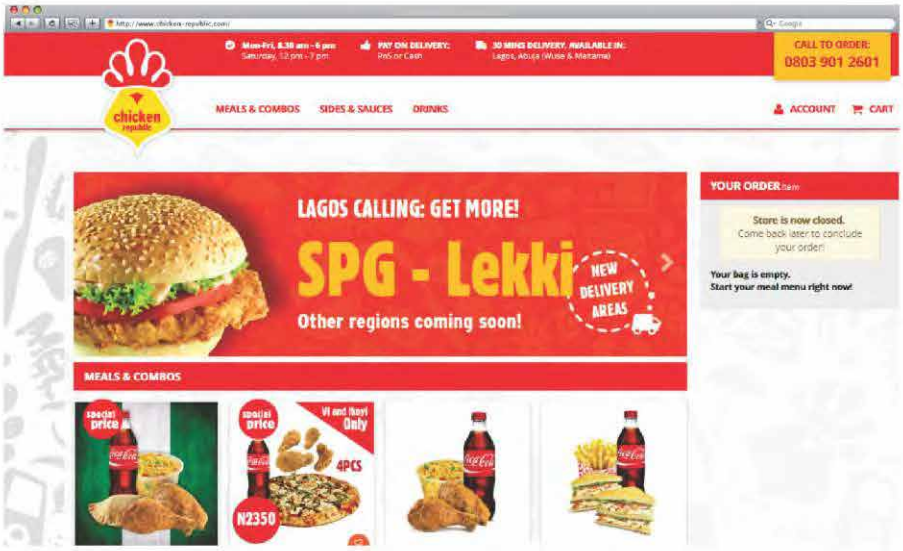
COMMUNITY SIRIT

more INNOVATION



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 2015 our main focus was on educational initiatives. We partnered with Primary Schools to promote out of class learning by providing guided tours of our manufacturing process to over 600 students in total along with complimentary meals for the students.

INFORMATION TECHNOLOGY

As a forward-thinking company; Food Concepts recognizes that technology now touches many different facets of our daily lives. We appreciate that the adoption of new technology and digital platforms within our organization is not only vital to supporting people to think smarter and respond quicker; it is vital to how we communicate with and drive value for our customers.

Among others, the emergence of cloud computing and mobile devices has made a significant impact on people everywhere (this is particularly relevant in West Africa which is fast paced and quick to adopt new technology). Of course the food and restaurant sector is no exception and the opportunities to adopt digital strategies that embrace multiple platforms are significant.

On this basis, our Retail Resource Planning Application has evolved and we have launched our very first mobile application tagged the ICG Report. This was designed for mobile devices running Android OS. ICG Report is a reporting system for general and executive management.

It works based on a complete statistics reporting model that allows for the possibility of customization. It also includes the potential to set and monitor KPI (indicators and alerts) anywhere in the world from any smart phone or tablet (iPhone, Android, Windows).

The ability to make information available to all stakeholders is another key focus of the department. In order to achieve this important objective; a new enterprise resource planning (ERP) application is in the process of development.

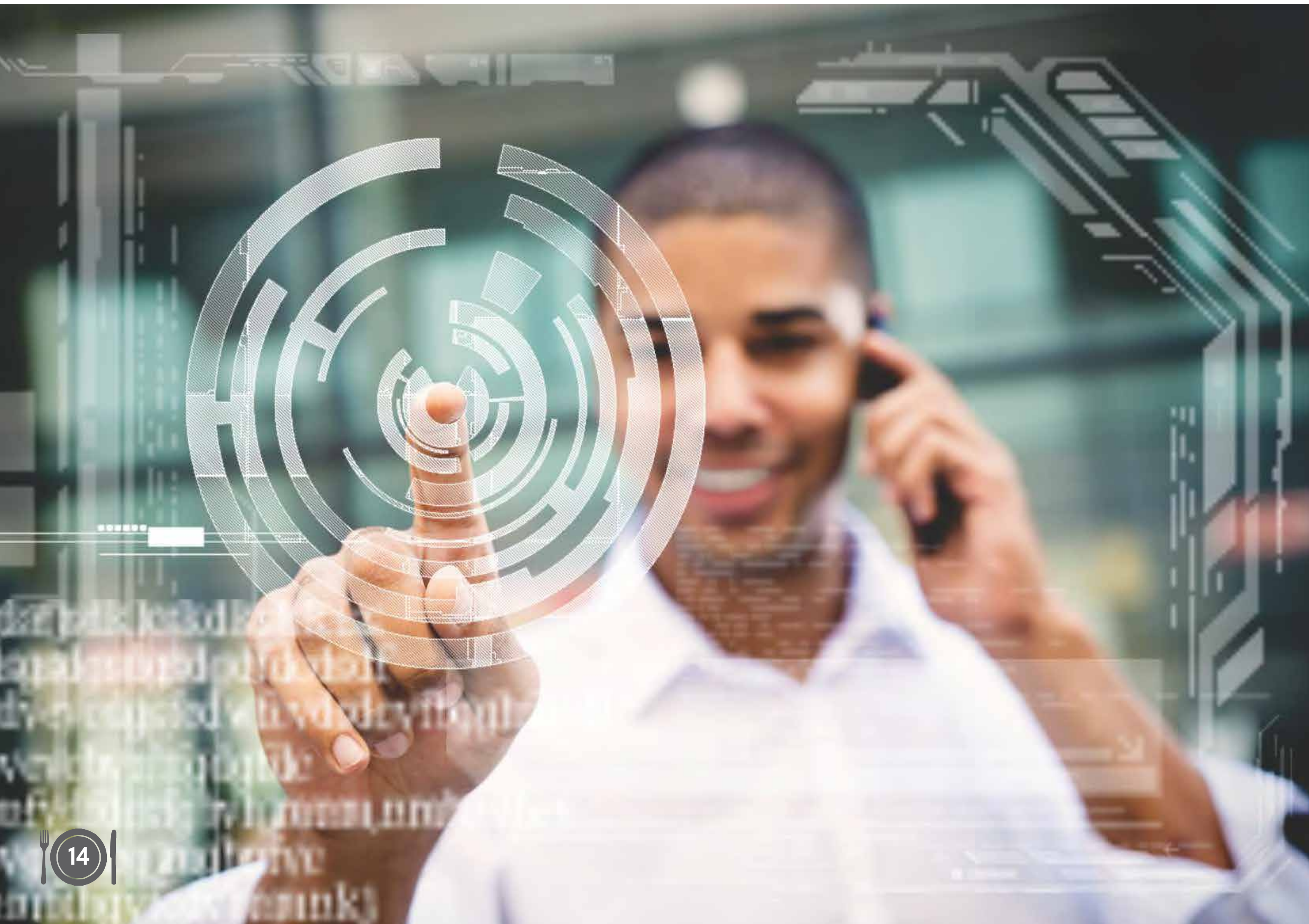
The ultimate goal of the implementation is to enable users in the organization work more effectively and also provide an automated atmosphere where users can work smarter.

OUR APPROACH

The FC implementation task force embarked on the evaluation and short-listing of potential partners who have implemented in the QSR space and who have a proven track record. The criteria also focused on the international experience of the partner, but insisted upon local presence in order to drive implementation and aid with support.

The hallmark of our approach is to ensure that implementation is achieved within a reasonable time frame, approved budget and ultimately, to meet and exceed user expectation.

We are excited about the future and are actively embracing future-proofing technologies as a way protecting and increasing our market share.



SUPPLY CHAIN

The depth of infrastructural issues in Nigeria, such as, poor roads, ineffective drainage systems and the unreliable supply of electricity, compounded by harsh climatic conditions and limited access to both well-trained staff and qualified suppliers are among the key barriers to building and maintaining a successful QSR business on a national scale.

The Supply Chain Division is made up of 4 units:
1. Quality Assurance
2. Central Kitchen
3. Pie Express
4. Supply Chain Operations

QUALITY ASSURANCE

Quality Assurance is essentially a support function designed to develop, implement and maintain the systems, processes and procedures necessary to ensuring that we consistently provide fresh, high quality products that exceed customer expectations – despite infrastructural challenges.

The unit is responsible for the following:
- Testing and approval of all input materials as per the approved company specifications
- Health, safety and environment issues of the business
- Ensuring that stores comply to all specifications that border on the following; hygiene, food, cleaning and waste management
- Measuring the stakeholders understanding of organization's policies as it affects environment, food safety and quality
- Implementing the Quality Assurance systems

The remaining three units are set up as separate business units within Chicken Republic and all operate as separate profit centres.

PIE EXPRESS

Pies are very popular in Nigeria. They are widely loved and appreciated as a cost-effective snack, sold in most eateries. As such, pies are an important line for Food Concepts and are sold in most Chicken Republic stores throughout the day.

To bolster our supply chain and ensure the availability of freshly-made, tasty pies to our Chicken Republic stores nationally; Pie Express is a dedicated unit that is solely responsible for production and delivery. On this basis, the unit operates seven strategically positioned production facilities across the country.

CENTRAL KITCHEN

Our Central Kitchen is responsible for the development and production of Chicken Republic's signature products, secret recipes, unique spice blends and our delicious Amma Jamma sauces.

We have a state-of-the-art facility with significant capacity. The Central Kitchen is centrally positioned, enabling us to easily add source and distribute both fresh vegetables and cooked products. Another key aim of this unit is to ensure consistency and minimise wastage at store level.

Central Kitchen uses refrigerated trucks and cool chain to ensure that Chicken Republic products, including fresh vegetables arrive at our stores in a wholesome state.

Our Central Kitchen includes the following production lines:
- Receiving capabilities
- Cleaning facilities
- Storage facilities
- Processing facilities
- Ambient storage facilities
- Chilled storage facilities
- Frozen storage facilities
- Dispatch facilities

The processes in our Central Kitchen are further categorized into:
1. Dry processing - caters for the production of CR's own unique IP products.
2. Wet processing- production of Amma Jamma sauces, Pepper Paste and fresh vegetables.

SUPPLY CHAIN OPERATIONS

Supply Chain in Nigeria is and will for the foreseeable future be a significant challenge to any food business due to poor road infrastructure, traffic gridlock and sporadic legislation changes.

This means that companies like us will have to keep thinking of innovative ways to mitigate against these risks. The strategic positioning of facilities, sourcing of local suppliers and careful consideration of what is produced in-store versus what is delivered to our stores via our supply chain network will be of material essence.

Our Supply Chain unit is presently responsible for the following:
- Demand Planning
- Procurement
- Warehousing & Distribution

All business divisions within Food Concepts benefit from the skills and services of this support team.

ON THE HORIZON

Our focus for 2016 will be as follows:
- Drive cost efficiency across all spheres of operations
- Redesigning our Supply Chain in order to reduce the impact of rising transportation costs
- Enhance collaboration with suppliers, with a view to developing alternative stock items
- Sourcing for cheaper alternatives, whilst retaining quality and protecting margins
- Partnering with local manufacturers with a view to developing raw materials

SENIOR MANAGEMENT

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 2015.

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 2015 are as follows:

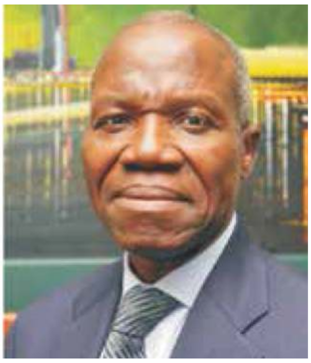
Deji Akinyanju
Chairman

David Butler
Managing Director / CEO

Mr. Paul Farrer
Non-executive Director

Ms. Doyin Akinyanju
Non-executive Director

Alhaji Tunde Yusuf
Non-executive Director



Mr. Odunayo Olagundoye
Non-executive Director

Mr. Mark Hilton
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

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in presenting to the members of the Group their report together with the consolidated and separate audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activities of the Group is the provision of restaurant services.

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	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
CHICKEN REPUBLIC BRAND - GLOBAL				
Income inclusive of Franchisee	4,187	4,231	3,968	4,030
Less intercompany sales	(10)	-	-	-
Less: Revenue attributable to Franchisee	(614)	(807)	(614)	(807)
	3,563	3,424	3,354	3,223
Add: Franchise Royalty Income	41	40	41	40
Revenue	3,604	3,464	3,395	3,263
EBITDA	326	295	326	292
Loss before taxation from continuing operations	(4,547)	(1,039)	(4,260)	(1,034)
Loss before taxation from continuing and discontinued operations	(4,547)	(1,590)	(4,260)	(1,585)
Taxation	12	218	12	218
Loss after taxation	(4,535)	(1,372)	(4,248)	(1,367)

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment (PPE) during the year is given in Note 17 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 financial statements.

DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31 December 2015 (2014: Nil).

BOARD CHANGES

Since the last AGM, Messrs Odunayo Olagundoye, Paul Farrer, Mark Hilton, Alhaji Tunde Yusuf, Deji Akinyanju, Doyin Akinyanju and Idris Mohammed resigned from the Board. We wish to thank them for their contributions to the growth of the Company during their respective tenure with the Board.

However, Mr. Odunayo Olagundoye was re-appointed to the Board with effect from 9th February 2016 in accordance with the Articles and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. Mr. Lanre Fabunmi and Mr. Elia Roumani were also appointed to the Board on 22nd October and 15th December 2015 respectively.

Mr. Babatunde Fajemirokun (formerly an alternate to Ms. Adenike Fajemirokun) was appointed as a substantive Director on the Board with effect from 7th December 2016.

To fill casual vacancies created by the resignations, the following new directors were appointed to the Board as non-executive directors with effect from the 26th September 2017 namely; Mrs. Runa Alam, Mr. Babacar Ka, Mr. Marc Stoneham and Mr. Adefolarin Adebayo Ogunsanya respectively and will be presented at the AGM for ratification of their appointment.

According to section 259 (1) of the Companies & 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 Odunayo Olagundoye and Mr Elia Roumani, will retire by rotation at the forthcoming Annual General Meeting and being eligible, hereby offer themselves for re-election. With regard to the re-election of Mr. Ayo Olagundoye who is over 70 years old, special notice to that effect was received from him as required under section 256 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

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)	*(Resigned w.e.f. 25th June 2015, re-appointed 9th February 2016)*
Mr. Deji Akinyanju	*(Resigned w.e.f. 22nd August 2017)*
Mr. David Butler (MD/CEO)	*(South African)*
Mr. Paul Farrer	*(South African) (Resigned w.e.f. 2nd November 2015)*
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	*(Appointed w.e.f. 22nd October 2015)*
Mr. Elia Roumani	*(American) (Appointed w.e.f. 15th December 2015)*
Mrs. Runa Alam	*(British) (Appointed w.e.f. 26th September 2017)*

SHARE HOLDINGS

The issued and fully paid share capital of the Group as at 31 December 2015 was beneficially owned as follows:

	2015		2014	
	Number	%	Number	%
ADP 1 Holding 9	1,307,916,666	22	1,046,333,333	20
Food Concepts International Limited	2,197,493,367	37	2,197,493,367	41
International Finance Corporation	1,083,333,334	18	866,666,667	16
Retail investors	1,254,581,633	23	1,254,581,633	23
	5,843,325,000	100	5,365,075,000	100

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

	2015 (Direct)	2014 (Direct)
Mr Deji Akinyanju	108,000,000	108,000,000
Mr. Paul Farrer	7,000,000	7,000,000
Mr.Odunayo Olagundoye	5,000,000	5,000,000
Ms. Doyin Akinyanju	1,282,051	1,282,051

	2015 (Indirect)	2014 (Indirect)
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

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

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 2015 (2014: 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 2015 (2014: Nil).

EVENTS AFTER REPORTING PERIOD

The directors are of the opinion that there are no events after the reporting date that could have material effect on the Group's financial statements that had not been adequately provided or disclosed in these financial statements.

FORMAT OF FINANCIAL STATEMENTS

The 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 that the format adopted is the most suitable for the Company.

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 2015

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 financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual 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 and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and Financial Reporting Council of Nigeria 2011.

The directors are of the opinion that the 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 2015. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Apart from the disclosure in note 32 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.

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

David Butler

Managing Director/CEO

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 2015, 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 2015.

In our opinion, the scope and planning of the audit for the year ended 31 December 2015 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 who held office during the year 2015.:
1. Mr. Sonnie Ayere - Chairman
2. Ms. Doyin Akinyanju
3. Mr. Idris Mohammed
4. Mr. David Sobanjo

Chairman, Audit Committee
27th June 2018

2015 AUDITED FINANCIAL RESULTS

PEOPLE CREATE GROWTH, COMPANIES REPORT IT.

B. Joffe

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

FOODS CONCEPTS PLC

Report on the financial statements

We have audited the accompanying consolidated and separate financial statements of Foods Concepts Plc which comprise the consolidated and separate statement of financial position as at 31 December 2015, 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 and other explanatory information.

Directors' responsibilities for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the seperate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the separate and consolidated financial statements.

Report on the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Financial Reporting Council of Nigeria Act No 6, 2011 and provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 32 to the financial statements which indicates that the Group had incurred a net loss of ₦4.535 billion for the year ended 31 December 2015 (2014: ₦1.372 billion) This has resulted into an accumulated loss of ₦5.417 billion (2014: ₦1.061 billion). As at the reporting date the Group has a negative working capital of ₦3.719 billion (2014: a positive working capital of ₦626 million).

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

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;

iii. the consolidated and separate statement of financial position and consolidated and separate 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

Chartered Accountants

Lagos, Nigeria

11 July 2018

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

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group		The Company	
	NOTE	2015	2014	2015	2014
		₦ million	₦ million	₦ million	₦ million
Revenue	8	3,604	3,464	3,395	3,263
Other operating income	9	286	47	286	46
Raw materials and consumables used		(1,312)	(1,289)	(1,209)	(1,186)
Employee benefits expense	10	(906)	(785)	(887)	(768)
Depreciation and amortisation	11.2	(464)	(483)	(456)	(475)
Other expenses	11	(1,931)	(1,578)	(1,825)	(1,499)
Write offs	11.1	(3,459)	(364)	(3,459)	(364)
		----------	----------	----------	----------
Operating loss		**(4,182)**	**(988)**	**(4,155)**	**(983)**
Finance costs	12	(238)	(92)	(238)	(92)
Finance income	13	134	41	133	41
Share of loss of an associate	25	(261)	-	-	-
		----------	----------	----------	----------
Loss before taxation from continuing operations		(4,547)	(1,039)	(4,260)	(1,034)
Income tax expense	15.1	12	114	12	114
		----------	----------	----------	----------
Loss for the year from continuing operations		**(4,535)**	**(925)**	**(4,248)**	**(920)**
		----------	----------	----------	----------
Discontinued operations:					
Loss before taxation for the year from discontinued operation	14	-	(551)	-	(551)
Income tax expense from discontinued operation	14	-	104	-	104
		----------	----------	----------	----------
Loss after tax from discontinued operations		**-**	**(447)**	**-**	**(447)**
		----------	----------	----------	----------
Loss for the year		**(4,535)**	**(1,372)**	**(4,248)**	**(1,367)**
		----------	----------	----------	----------

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *- continued*

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group		The Company	
	NOTE	2015	2014	2015	2014
			RESTATED		
		₦ million	₦ million	₦ million	₦ million
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations**	23.2	(12)	(113)	-	-
Income tax effect		-	-	-	-
		----------	----------	----------	----------
Other comprehensive income for the year, net of tax		(12)	(113)	-	-
		----------	----------	----------	----------
Total comprehensive loss for the year; net of tax		**(4,547)**	**(1,485)**	**(4,248)**	**(1,367)**
		======	======	======	======
Loss attributable to: Owners of the parent		(4,535)	(1,372)	(4,248)	(1,367)
		----------	----------	----------	----------
		(4,535)	(1,372)	(4,248)	(1,367)
		======	======	======	======
Total comprehensive loss attributable to owners of the parent		(4,547)	(1,485)	(4,248)	(1,367)
		----------	----------	----------	----------
		(4,547)	**(1,485)**	**(4,248)**	**(1,367)**
		=====	======	======	======
Basic loss per share for the year (Kobo)	16	(0.78)	(0.26)	(0.73)	(0.25)
		=====	======	======	======
Diluted loss per share for the year (Kobo)	16	(0.60)	(0.23)	(0.56)	(0.23)
		=====	======	======	======
Basic loss per share from continuing operations (Kobo)	16	(0.78)	(0.17)	(0.73)	(0.17)
		=====	======	======	======
Diluted loss per share from continuing operations (Kobo)	16	(0.60)	(0.16)	(0.56)	(0.16)
		=====	======	======	======

** 2014 balance was restated to include the impact of the exchange loss on the translation of the operations of Express Foods Franchise International Limited.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group			The Company		
	Note	2015	2014	1 January 2014	2015	2014	1 January 2014
			RESTATED	RESTATED			
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Assets							
Non-current assets							
Property, plant and equipment	17	4,200	4,403	6,752	4,133	4,322	6,630
Deferred tax asset	15.4	-	16	-	-	16	-
Intangible assets	18	1,309	1,366	1,416	1,309	1,366	1,416
Other financial assets	24.1	389	2,216	1,979	389	2,216	1,979
Investments in subsidiaries	19	-	-	-	2	2	68
Investment in an associate	25	646	-	-	907	-	-
Total non-current assets		6,544	8,001	10,147	6,740	7,922	10,093
Current assets							
Inventories	20	156	159	226	152	155	208
Trade and other receivables	21	92	2,438	2,072	322	2,672	2,256
Other financial assets	24.1	530	-	-	530	-	-
Prepayments	26	499	488	580	494	462	540
Cash and short-term deposits	22	550	142	1,049	539	124	1,000
		1,827	3,227	3,927	2,037	3,413	4,004
Assets classified as held for sale	14.2.2	-	2,048	-	-	2,048	-
		1,827	5,275	3,927	2,037	5,461	4.004
Total assets		**8,371**	**13,276**	**14,074**	**8,777**	**13,383**	**14,097**
Equity and liabilities							
Equity							
Issued capital	23	2,922	2,683	2,683	2,922	2,683	2,683
Share premium	23.1	4,700	5,009	5,031	4,700	5,009	5,031
Retained (loss)/earnings*		(5,417)	(1,061)	223	(5,114)	(1,045)	322
Foreign currency translation reserve*	23.2	(123)	(111)	2	-	-	-
Equity attributable to owners of the parent		2,082	6,520	7,939	2,508	6,647	8,036
Non-controlling interest		-	-	(3)	-	-	-
Total equity		**2,082**	**6,520**	**7,936**	**2,508**	**6,647**	**8,036**

* Prior period balance has been restated to include the impact of Express Foods Franchise International Limited, refer to Note 7.2.

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group			The Company		
	Note	2015	2014	1 January 2014	2015	2014	1 January 2014
			RESTATED	RESTATED		RESTATED	RESTATED
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-current liabilities							
Interest-bearing loans and borrowings*	24.3	743	2,107	1,636	739	2,103	1,633
Deferred income		-	-	29	-	-	29
Deferred tax	15.4	-	-	194	-	-	194
		743	2,107	1,859	739	2,103	1,856
Current liabilities							
Trade and other payables	28	1,694	1,558	1,752	1,678	1,542	1,685
Interest-bearing loans and borrowings	24.2	3,814	743	2,292	3,814	743	2,292
Deferred income	27	38	23	12	38	23	12
Income tax payable	15.5	-	98	223	-	98	216
		5,546	2,422	4,279	5,530	2,406	4,205
Liabilities directly associated with assets classified as held for sale	14.2.3	-	2,227	-	-	2,227	-
		5,546	4,649	4,279	5,530	4,633	4,205
Total Liabilities		**6,289**	**6,756**	**6,138**	**6,269**	**6,736**	**6,061**
Total equity and Liabilities		**8,371**	**13,276**	**14,074**	**8,777**	**13,383**	**14,097**

* Prior period balance has been restated to include the impact of EFFIL refer to Note 7.2.

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

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

David Butler

Managing Director/CEO

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

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

The Group

For the year ended 31 December 2015	Issued share	Share	Retained	Foreign	Total	NCI	Total Equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2015	2,683	5,009	(1,061)	(111)	6,520	-	6,520
Loss for the year	-	-	(4,535)	-	(4,535)	-	(4,516)
Other comprehensive income; net of tax	-	-		(12)	(12)	-	(31)
	----------	----------	----------	----------	----------	--------	----------
	2,683	5,009	(5,596)	(123)	1,973	-	1,973
Bonus share capital (Note 23)	239	(239)	-	-	-	-	-
Transaction costs (23.1)	-	(70)	-	-	(70)	-	(70)
Changes in equity #	-	-	179	-	179	-	179
	----------	----------	----------	----------	----------	---------	----------
At 31 December 2015	2,922	4,700	(5,417)	(123)	2,082	-	2,082
	======	======	======	====	======	=====	======
At 1 January 2014	2,683	5,031	226	2	7,942	(3)	7,939
Adjustment on correction of error (net of tax)			(3)	-	(3)		(3)
	----------	----------	----------	----------	----------	----------	----------
As At 1 January 2014 (restated*)	2,683	5,031	223	2	7,939	(3)	7,936
Loss for the year	-	-	(1,372)	-	(1,372)	-	(1,372)
Other comprehensive income; net of tax	-	-	-	(112)	(112)	-	(112)
Adjustment on correction of error (net of tax)	-	-	-	(1)	(1)	-	(1)
	----------	----------	----------	----------	----------	----------	----------
	2,683	5,031	(1,149)	(111)	6,454	(3)	6,451
Write off of unpaid shares	-	(22)	-	-	(22)	-	(22)
Subsidiaries disposed	-	-	88	-	88	3	91
	----------	----------	----------	----------	----------	----------	----------
At 31 December 2014 (restated*)	2,683	5,009	(1,061)	(111)	6,520	-	6,520
	======	======	======	=====	======	======	======

This is the accumulated loss of Mass Market Division which was de-merged in February 2015. This was classified as Held-for-sale in 2014 and formed part of the opening retained earnings.

FOR THE YEAR ENDED 31 DECEMBER 2015

The Company					
31 December 2015	**Issued share capital**	**Share premium**	**Retained Earnings**	**Foreign currency translation reserve**	**Total equity**
	₦ million	**₦ million**	**₦ million**		**₦ million**
At 1 January 2015	2,683	5,009	(1,045)	-	6,647
Loss for the year	-	-	(4,248)		(4,248)
Other comprehensive income; net of tax	-	-	-		-
	----------	----------	----------	---------	----------
	2,683	5,009	(5,293)	-	2,399
Bonus share capital (Note 23)	239	(239)	-	-	-
Transaction costs (note 23.1)	-	(70)	-	-	(70)
Changes in equity #	-	-	179	-	179
	----------	----------	----------	--------	----------
At 31 December 2015	2,922	4,700	(5,114)	-	2,508
	======	======	======	====	=====
For the year ended 31 December 2014 (Restated)					
At 1 January 2014	2,683	5,031	322	-	8,036
Adjustment on correction of error (net of tax)	-	-	-	-	-
	----------	----------	----------	---------	----------
As at 1 January 2014 (restated*)	2,683	5,031	322	-	8,036
Loss for the year	-	-	(1,367)		(1,367)
Other comprehensive income; net of tax	-	-	-		-
	----------	----------	----------	--------	----------
	2,683	5,031	(1,045)	-	6,669
Write off of unpaid shares	-	(22)	-	-	(22)
	----------	----------	----------	--------	----------
At 31 December 2014 (restated*)	2,683	5,009	(1,045)	-	6,647
	======	======	======	====	======

This is the accumulated loss of Mass Market Division which was de-merged in February 2015. This was classified as Held-for-sale in 2014 and formed part of the opening retained earnings

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group		The Company	
	NOTE	2015	2014	2015	2014
		₦ million	₦ million	₦ million	₦ million
Operating activities					
Loss before taxation from continued and discontinued operations**		(4,547)	(1,590)	(4,260)	(1,585)
Non-cash adjustment to reconcile profit before tax to net cash flows					
Depreciation of property, plant and equipment**	17	407	585	399	577
Amortisation of intangible assets	18	57	57	57	57
Loss on disposal of property, plant and equipment**	11&14	-	61	-	61
Impairment loss on property, plant and equipment	11	296	-	296	-
Deferred income recognized in the current period	27	(8)	(3)	(8)	(3)
Finance income	13	(134)	(41)	(133)	(41)
Finance costs**, $	12&14	238	187	238	187
Inventory write off	20	11	48	11	48
Impairment and write off**, ^^	11.1&14.1	3,459	403	3,459	403
Exchange differences		19	-	-	
Share of loss of an associate	25	261	-	-	-
Working capital adjustments:					
Increase in inventories**, q, $$		(9)	(8)	(8)	(22)
Increase/ (decrease) in trade and other receivable and other financial assets **,#,$$		(54)	4	(54)	(71)
(Increase)/ decrease in prepayments**,$$		(15)	57	(32)	43
Increase in trade and other payables**,@,$$		329	59	351	213
		-------	-------	-------	-------
		310	(181)	316	(133)
Income tax paid	15.5	(70)	(14)	(70)	(7)
		-------	-------	-------	-------
Net cash generated from/ (used in) operating activities		240	(195)	246	(140)
		-------	-------	-------	-------
Investing activities					
Proceeds from sale of property, plant and equipment		-	12	-	12
Interest received		134	41	133	41
Rent received in advance	27	23	15	23	15
Purchase of intangible assets		-	(27)	-	(27)
Assets of FCTL and Bar Concepts disposed		-	52	-	-
Purchase of property, plant and equipment**		(507)	(311)	(506)	(284)
		-------	-------	-------	-------
Net cash used in investing activities		(350)	(218)	(350)	(243)
		---------	---------	---------	---------

FOR THE YEAR ENDED 31 DECEMBER 2015

		The Group		The Company	
	NOTE	2015	2014	2015	2014
		₦ million	₦ million	₦ million	₦ million
Financing activities					
Repayment of borrowings	24.3.2	(1,160)	(515)	(1,160)	(515)
Proceeds from borrowings	24.3.2	1,830	300	1830	300
Transaction costs on issue of shares	23.1	(70)	-	(70)	-
Interest paid $, @@		(69)	(187)	(69)	(187)
		-------	-------	-------	-------
Net cash generated from/ (used in) financing activities		**531**	**(402)**	**531**	**(402)**
		-------	-------	-------	-------
Net increase/(decrease) in cash and cash equivalents		421	(815)	427	(785)
Cash and cash equivalents at 1 January	22.2	-	815	(18)	767
Effect of currency translation on cash and cash equivalents $$		(1)	-	-	-
		-------	-------	-------	-------
Cash and cash equivalents at 31 December (*)	**22.2**	**420**	**-**	**409**	**(18)**
		====	====	=====	====

** Prior year (2014) includes Mass Market figures (Note 14.1, 14.2.2 and 14.2.3)

$ 2014 Finance cost excludes bank charges (₦12 million) (Company: ₦11million), now classified as other expense.

^^ 2014 excludes inventory write off of N48 million which is stated separately.

q Movement in inventory adjusted for inventory write off -₦11 million (2014: -₦48 million). Note 20

2015 movements in trade and other receivables and other financial assets have been adjusted for the reclassification of receivable from Mass Market to investment in associate ₦ 907 million (Note 25), incorporation of loans previously classified as held for sale N645 (Note 24.3.2) with corresponding entries in intercompany receivable/other financial assets and write off of receivable from Free Range Farm - ₦3.4 billion. In 2014 movements, ₦922 million intercompany balance between Mass Market (Held for sale) and continuing operations was eliminated. Also, adjustment was made for the write off of trade and other receivables (Group₦312 million) i.e. ₦451 million write offs less the following; equity of disposed subsidiaries N88 million, non-controlling interest attributable to the disposed subsidiaries N3 million and inventory write off N48 million. (Company - ₦337 million) i.e N451 million write offs less the following; receivable form Hamberg (which offsets movements in investments N66 million) and inventory write off N48 million.

@ 2015 movement in trade and other payable have been adjusted for the following: Accrued interest for ADP 1 Holding 9 and EFFI convertible loans of -₦169 million (Note 28) and reclassification of EFFI brand payable from other payable to borrowings in 2015 ₦384 million. 2014 adjusted for ₦922 million intercompany balance, payable in Mass Market (held for sale) and receivable in QSR (continuing operations).

@@ 2015 interest paid has been adjusted to exclude accrued interest for ADP 1 Holding 9 and EFFI convertible loans ₦169 million (corresponding adjustment made in the movement in trade and other payables)

(*) The difference in 2014 closing balance compared to signed account is the impact of ₦300 million FCMB bank loan which was classified as bank overdraft in the 2014 audited financial statement.

FOR THE YEAR ENDED 31 DECEMBER 2015

$$ 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:

	2015	2014
	₦ million	₦ million
Impact on changes in working capital		
Inventory	(1)	-
Trade and other receivable	5	-
Prepayment	(4)	-
Trade and other payable	(22)	(103)
Impact on cash and cash equivalents	(1)	-
	===	===

Note: Prior year analysis of cash flows of the discontinued operations is included in note 14.

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, Ilupeju Byepass, Ilupeju, Lagos. The Company which currently operates through 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 2015 were authorised for issue in accordance with a resolution of the 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 2015, with comparative figures for the financial year ended 31 December 2014.

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 perriod, 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.

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 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.

2.3 Basis of preparation - *continued*

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 2015.

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.

3. NEW AND REVISED IFRSS FOR 2015 ANNUAL FINANCIAL STATEMENTS AND BEYOND

This section provides you with a high level summary of the new and revised IFRSs that are effective for 2015 and beyond. Specifically, this section covers the following:

An overview of the amendments to IFRSs and of the new Interpretation that are mandatorily effective for the year ending 31 December 2015;

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9.

IFRS 9 brings together all three aspects of the accounting for financial instruments project: 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 Group plans to adopt the new standard on the required effective date. During 2015, the Group 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 Group in the future.

Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group 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.

Impairment

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables, either on a 12-month or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a higher loss allowance resulting in a negative impact on equity, but 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.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

3. NEW AND REVISED IFRSS FOR 2015 ANNUAL FINANCIAL STATEMENTS AND BEYOND - *continued*

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 Group plans to adopt the new standard on the required effective date using the full retrospective method.

During 2015, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

IFRS 16: Leases

The scope of the new standard includes leases of all assets, with certain exceptions. The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).

Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The Group is still assessing the impact of the new standard.

Recognition of Deferred Tax Assets for Unrealised Losses (Proposed amendments to IAS 12)

- The IASB proposed amendments to IAS 12 to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value
- In redeliberations, the IASB decided to amend IAS 12, as follows:
- To revise the requirements relating to recovery of an asset for more than its carrying amount in a way that enhances understanding and reduces the risk of an arbitrary estimate of probable future taxable profit
- To clarify that taxable profit excluding tax deductions used for assessing the utilization of deductible temporary differences is different from taxable profit on which income taxes are payable

The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have an impact on the Group.

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 Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively 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 Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

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 Group as the Group does not have any bearer plants.

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. The Company is still assessing the impact of the amendment.

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. These amendments must be applied prospectively and are 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 Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

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 must be applied prospectively.

3. NEW AND REVISED IFRSS FOR 2015 ANNUAL FINANCIAL STATEMENTS AND BEYOND - *continued*

IFRS 7 Financial Instruments: Disclosures

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.

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.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

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 must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

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, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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 are not expected to have any impact on the Group.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The new amendments includes:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014. Thus, these amendments did not impact the Group's financial statements or accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in Note 6 in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.

3. NEW AND REVISED IFRSS FOR 2015 ANNUAL FINANCIAL STATEMENTS AND BEYOND - *continued*

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated and separate financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself Food Concepts Plc. is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiary.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Properties

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principal accounting policies applied by the Group in preparing its consolidated financial statements. The Group has consistently applied the accounting policies in the preparation of consolidated financial statement for the year ended 2015 with the comparative year throughout all periods presented.

4.1.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for the control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4.1.2 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 recognises 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 recognises 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

4.2 Foreign currencies

(i) Presentation and functional currency

The Group's consolidated financial statements are presented in Naira, which is also the parent Company's functional currency. 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.

(ii) 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).

(iii) 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 and the company present 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 realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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.

Fees from franchised restaurants

The Group receives royalty fees from franchisees based on 5 per cent of the franchisees' turnover from operations. The Group recognises 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.

These are sales from the Company owned stores to individual and corporate customers. Revenue is recognised when services are rendered.

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.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investment in subsidiary where 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, carry forward of unused tax credits and unused tax losses, 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.

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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

4.6 Property, plant and equipment

Property, plant and equipment (PPE) 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 recognized only when they extend the life of the asset.

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 accessories	4

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 derecognised 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 derecognised.

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.

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 derecognised.

Derecognition of intangible assets

An intangible asset is derecognised 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 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 amortisation 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

4.9 Financial assets - *continued*

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 derecognised 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.

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 reorganisation 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, bank overdrafts, 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.

Bank overdrafts

Bank overdrafts are initially recognised at fair value which is the proceeds received, net of directly attributable costs. These are subsequently measured at amortised cost using the effective interest rate method with finance costs being recognised in the profit or loss and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Bank overdrafts are classified as interest-bearing loans and borrowings under current liabilities.

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 derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

Derecognition

A financial liability is derecognised 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 and 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

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 re-coverable 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.

Impairment losses are recognised in profit or loss.

4.12 Provisions, contingent liabilities 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 Group's consolidated 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

a. 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 32 of the financial statements, 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 financial statements continue to be prepared on the going concern basis.

b. Capital work-in-progress

Costs are capitalised in accordance with the accounting policy. Initial capitalisation 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 capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

c. Deferred tax asset recognition

The Group recognises 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 utilised and that the Group is able to satisfy the continuing ownership test. The Group believes that there would be sufficient future taxable profits.

d. Leases

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. Payments made under operating leases are recognised in the profit or loss on a straight line basis over the period of the lease.

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 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.

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.

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 organised 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 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.

	2015				2014			
Year ended 31 December 2015	Ghana	Nigeria	Mauritius	Total Segments	Ghana	Nigeria	Mauritius	Total Segments
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue								
External customers	219	3,385	-	3,604	198	3,254	-	3,452
Internal customers	-	10	-	10	3	9	-	12
Elimination	-	-	-	(10)	-	-	-	-
	-------	-------	-------	-------	-------	-------	-------	-------
	219	3,395	-	3,604	201	3,263	-	3,464
	====	=====	====	=====	===	=====	====	=====
Depreciation and amortisation from continuing operations	(8)	(456)	-	(464)	(8)	(412)	-	(420)
Depreciation and amortisation from discontinued operations	-	-	-	-	-	(159)	-	(159)
Impairment loss on property, plant and equipment	-	(296)	-	(296)	-	(63)	-	(63)
Share of loss of an associate	-	(261)	-	(261)	-	-	-	-
	=====	=====	====	=====	=====	=====	====	=====

6 SEGMENT REPORTING - *continued*

	2015				2014			
Year ended 31 December 2015	Ghana	Nigeria	Mauritius	Total Segments	Ghana	Nigeria	Mauritius	Total Segments
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Segment loss before tax from continuing operations	(26)	(4,521)	-	(4,547)	(5)	(1,034)	-	(1,039)
Segment loss before tax from discontinued operations	-	-	-	-	-	(551)	-	(551)
	-------	-------	====	-------	-------	-------	====	-------
Loss before taxation from continuing and discontinued operations	(26)	(4,521)	-	(4,547)	(5)	(1,585)	-	(1,590)
Taxation from continuing operations	-	12	-	12	-	114	-	114
Taxation from discontinued operations	-	-	-	-	-	104	-	104
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Loss after taxation	(26)	(4,509)	-	(4,535)	(5)	(1,367)	-	(1,372)
	====	=======	====	=======	====	======	====	======

	2015					2014				
	Ghana	Nigeria	Mauritius	Elimination	Total segment	Ghana	Nigeria	Mauritius	Elimination	Total segment
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non current assets	67	6,477	-	-	6,544	80	7,921	-	-	8,001
continuing operations current assets*	21	2,035	-	(229)	1,827	47	3,414	-	(234)	3227
discontinued operations current assets	-	-	-	-	-	-	2,048	-	-	2,048
	-------	--------	-------	--------	---------	-------	-----------	-----------	-------	-----------
	88	8,512	-	(229)	8,371	127	13,383		(234)	13,276
	====	====	====	=====	=====	====	=====	====	====	=====
Non current liabilities	-	739	4	-	743	-	2,103	4		2,107
continuing operations current liabilities*	245	5,530	-	(229)	5,546	250	2,406	-	(234)	2,422
discontinued operations current liabilities	-	-	-	-	-	-	2,227	-	-	2,227
	-------	--------	-------	--------	---------	-------	-----------	--------	-------	-----------
	245	6,269	4	(229)	6,289	250	6,736	4	(234)	6,756
	====	====	====	=====	=====	====	=====	====	====	====

* Amount due to/from related parties have been eliminated from the total segment receivables and payables.

6.1 Reconcilliation

Segment loss after taxation	2015	2014
	₦ million	₦ million
Loss after taxation for reportable segments	(4,535)	(1,372)
	---------	---------
Loss for the year	(4,535)	(1,372)
	=====	=====

6.2 Segment assets

The amounts reported to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments.

Segment assets are reconciled to total assets as follows:	2015	2014
	₦ million	₦ million
Segment assets for reportable segments	8,371	13,276
	---------	---------
	8,371	13,276
	=====	=====

6.3 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:

Segment assets are reconciled to total assets as follows:	2015	2014
	₦ million	₦ million
Segment liabilities for reportable segments	6,289	6,756
	---------	---------
Total liabilities	6,289	6,756
	=====	=====
Total assets	8,371	13,276
Less: Total liabilities	(6,289)	(6,756)
	----------	---------
	2,082	6,520
	=====	=====

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	2015	2014
Food Concepts Ghana Limited	Restaurant	Ghana	100	100
Express Foods Franchise international (Note 7.2)	Food business	Mauritius	100	100
Associate:				
Food Concept Pioneer Limited	Production of baked foods	Nigeria	49.9	100

7 GROUP INFORMATION - *continued*

7.1 Business combinations and acquisition of non-controlling interests

On 8 January 2013, the Group acquired 100% of the voting shares of Express Foods Franchise international, a company based in Mauritius, specialising in the food business.

The fair value of the identifiable assets and liabilities of Express Foods Franchise international as at the date of acquisition were

Fair value recognised on acquisition	**₦ million**
Trade and other receivables	156

Total assets	156
	=======
Trade and other payables	217,297
Interest bearing loans and borrowings	2,531,070

Total liabilities	2,748,367
	========
Total identifiable net assets at fair value	(2,748,211)
Goodwill on acquisition	2,748,367

Purchase consideration	156
	========

7.2 Correction of an error

In January 2013, the Group acquired 100% interest in a subsidiary (Express Foods Franchise International). However, the Group did not consolidate the subsidiary financial statements as the directors and management became aware of the transaction in 2017 when a search was performed.

The error has been corrected by restating each of the affected financial statements line items for the stated periods, as follows:

Impact on equity (increase/(decrease) in equity)

	The Group		The Company	
	2014	2013	2014	2013
	₦ million	₦ million	₦ million	₦ million
Investment in subsidiary	-	-	156	156
Trade and other receivables	-	-	-	-
Prepayments	64,792	-	-	-
	-----------	--------	--------	--------
Total assets	64,792	-	156	156
	-----------	--------	--------	-------
Trade and other payables	54,295	47,861	181	160
Interest bearing loans and borrowings	3,691,852	2,903,414	-	-
	---------------	---------------	--------	-------
Total liabilities	3,746,147	2,951,275	181	160
	----------------	---------------	--------	------
Net impact on equity	(3,681,355)	(2,951,275)	(25)	(4)
	=========	=========	====	===

Impact on statement of profit or loss and other comprehensive income (increase/(decrease) in loss)

	The Group	The Company
	2014	2014
	₦ million	₦ million
Other expenses	(301,335)	(21)
	=======	====
Other comprehensive income		
Exchange differences on translation of foreign operations	(428,723)	-
	--------------	--------
Net impact on loss for the year	(730,058)	(21)
	=======	====
Attributable to:		
Equity holders of the parent	(730,058)	(21)
	=======	====

The change did not have a material impact on EPS for the period or the Group's operating, investing and financing cash flows.

8 REVENUE

8.1 By Business

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Quick service restaurants	3,563	3,424	3,354	3,223
Franchise income	41	40	41	40
	....	....	....	....
	3,604	3,464	3,395	3,263
	======	=====	======	======

8.2 By Geographical location:

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Outside Nigeria	209	201	-	-
Within Nigeria	3,395	3,263	3,395	3,263
	....	....	....	....
	3,604	3,464	3,395	3,263
	=====	======	======	=====

9 OTHER OPERATING INCOME

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Management and shared service income*	13	-	13	-
Other income**	273	44	273	43
Rebate	-	3	-	3
	....	....	....	....
	286	47	286	46
	====	===	===	====

*Management and share service income represent charges to associate for cost recovery.

**Other income includes income from sub-lease of stores and income from sponsorship events and write back of provisions.

10 EMPLOYEE BENEFIT EXPENSE

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Salaries and allowances	797	670	780	653
Pension costs	33	36	32	36
Medical expenses	11	12	11	12
Staff meals	65	67	64	67
	....	....	....	....
	906	785	887	768
	====	====	====	====

11 OTHER EXPENSES

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Audit fee	11	10	11	10
Brand and marketing	62	63	62	60
Bank charges	9	12	9	11
Contract and support services	65	42	50	42
Communication	30	37	29	25
Directors' fee	40	85	40	85
Exchange loss	24	-	5	-
Hotel accommodation	1	4	1	4
Loss on disposal of property, plant and equipment	-	1	-	1
Insurance	15	11	15	11
Professional fees	39	13	38	13
Rental charges payable under operating leases	353	211	332	191
Repair and maintenance	111	94	104	94
Transport	118	129	118	126
Utilities	385	375	351	349
Non recurrent expenses*	256	424	256	424
Sundry expenses	104	48	96	38
Impairment loss on property, plant and equipment	296	-	296	-
Training	-	5	-	5
Rates and levies	12	14	12	10
	---------	---------	---------	---------
	1,931	1,578	1,825	1,499
	=====	=====	=====	=====

The following are included in the non-recurrent 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.

*The following are included in the non-recurrent expenses in 2014;

i. the sum of N336 million being accrual for arrears of Director's entitlement from 2008 to 2013 and 2014 salary differential.
ii. one off consultancy services of N 26 million.
iii. one off recruitment costs of N14 million.

Included in sundry expenses are vehicle expenses, annual license cost, fumigation cost, cleaning expenses, general stationery.
Included in exchange loss in 2015 is N19 million foreign exchange loss on amount owed to Food Concepts Nigeria by Food Concepts Ghana.

11.1 WRITE OFFS

The following specific account balances were written off:

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Impairment loss on receivables				
From Free Range Farms	3,459	38	3,459	38
Insurance claims receivable	-	27	-	27
Receivable from Hamberg	-	66	-	66
Food Concept Trading and Logistics Limited	-	164	-	164
Staff loan	-	1	-	1
	---------	---------	---------	---------
Total write off attributable to trade and other receivables	3,459	296	3,459	296
Inventory	-	48	-	48
Other write off	-	18	-	18
Cash and bank balances	-	2	-	2
	---------	---------	---------	---------
	3,459	364	3,459	364
	====	====	====	====

11.2 DEPRECIATION AND AMORTISATION

	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Depreciation charge - continuing operation	407	426	399	418
Amortisation charge - continuing operation	57	57	57	57
	--------	-------	-------	---------
	464	483	456	475
Discontinued operation	-	159	-	159
	--------	-------	-------	-------
	464	642	456	634
	====	====	====	====

12 FINANCE COSTS

	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Interest on debts and borrowings	238	92	238	92
	--------	------	-------	------
	238	92	238	92
	====	===	====	===

13 FINANCE INCOME

	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Interest income on short-term deposits	134	41	133	41
	---------	--------	---------	--------
	134	41	133	41
	====	====	====	====

14 ANALYSIS OF LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS

The combined results of the discontinued operations (i.e. Mass Market businesses) included in the profit or loss for the year is set out below.

	2015	2014
Loss for the year from discontinued operations:	**₦ million**	**₦ million**
Revenue	-	1,270
Other gains/loss	-	14
	---------	---------
	-	1,284
Raw material and consumables	-	(790)
Employees benefit expense	-	(257)
Depreciation and amortisation	-	(159)
Impairment and general provision	-	(87)
Loss on disposal of property, plant and equipment	-	(60)
Other expenses*	-	(482)
	---------	---------
Loss before tax	-	(551)
Attributable income taxation	-	104
	---------	---------
Loss for the year from discontinued operations (attributable to owners of the Company)	-	(447)
	=====	=====

*Other expenses include finance cost, rent, utility, repairs and maintenance, marketing and advert, material handling, professional fee and transport.

14.1 ANALYSIS OF CASH FLOW FOR THE YEAR FROM DISCONTINUED OPERATIONS

	2015	2014
Cash flows from discontinued operations	**₦ million**	**₦ million**
Net cash outflows from operating activities	-	(996)
Net cash inflows from investing activities	-	(92)
Net cash inflows from financing activities	-	(342)
	---------	---------
Net cash outflows	-	(1,430)
	=====	======

14.2 DISCONTINUED OPERATION

On 25th April 2014, the Board of Directors announced its decision to unbundle Mass Market. Mass Market is a confectionery unit within the Food Concepts Plc. This Division was unbundled into a wholly owned subsidiary as, Food Concepts Pioneer Limited in February 2015. In March 2015, Pioneer Foods, a confectionery business in South Africa acquired 50.1% of Food Concepts Pioneer Limited.

The Mass Market division has been classified and accounted for at 31 December 2014 as a disposal group held for sale (see note 14 above). The assets were classified at the lower of their fair value less cost to sell or carrying amounts immediately before classification. The fair value of Mass Market assets is higher when compared with the carrying costs of its assets; therefore, there is no impairment loss.

14.2.1 FAIR VALUE OF MASS MARKET ASSETS

Fair value was arrived at using the price paid by Pioneer Foods for the acquisition of the 50.1% stake in Food Concepts Pioneer Limited as a basis for determining the market value of Mass Market assets

	2015	2014
Loss for the year from discontinued operations:	**₦ million**	**₦ million**
Fair value of Mass Markets assets	-	2,609
Less estimated disposal costs:		
Legal costs	-	(14)
Technical support services	-	(21)
	---------	---------
	-	2,574
	======	======

14.2.2 NET ASSETS OF MASS MARKET (CARRYING AMOUNT)

	2015	2014
	₦ million	**₦ million**
Property, plant and equipment	-	1,942
Intangible assets	-	20
Inventory	-	27
Prepayments	-	35
Deferred tax asset	-	8
Trade and other receivables	-	3
Cash and short-term deposits	-	13
	---------	----------
Assets of mass market classified as held for sale		2,048
	======	======

14.2.3 LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALES

	2015	2014
	₦ million	**₦ million**
Trade and other payables*	-	1,278
Deferred income	-	53
Borrowings	-	785
Income tax payable	-	111
	---------	---------
Liabilities of mass market business associated with assets classified as held for sale	-	2,227
	======	======
Net liabilities of mass market business classified as held for sale	-	(179)
	======	======

*Included in the trade and other payables is N922 million attributable to Food Concepts Plc. This represents part of equity of the demerged company (Food Concepts Pioneer Limited) as at February 2015.

15 INCOME TAX

15.1 PROFIT OR LOSS

	The Group		The Company	
	2015	2014	2015	2014
CURRENT INCOME TAX:	₦ million	₦ million	₦ million	₦ million
Company tax: continuing operations	-	-	-	-
Company tax: discontinued operations	-	-	-	-
Educational tax: continuing operations	-	-	-	-
Over provision for prior year tax	(28)	-	(28)	-
	---------	---------	---------	---------
	(28)	-	(28)	-
Deferred tax:				
Relating to origination and reversal of temporary differences from continuing operations	16	(114)	16	(114)
Relating to origination and reversal of temporary differences from discontinued operations	-	(104)	-	(104)
	---------	---------	---------	---------
Income tax credit reported in profit or loss	(12)	(218)	(12)	(218)
	---------	---------	---------	---------

15.2 Summary of taxation charge to profit or loss account

Tax charge for continuing operations	(12)	(114)	(12)	(114)
Tax charge for discontinued operations	-	(104)	-	(104)
	---------	---------	---------	---------
	(12)	(218)	(12)	(218)
	=====	=====	=====	=====

15.3 A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2015 and 2014 is as follows:

	The Group		The Company	
	2015	2014	2015	2014
		restated		restated
Accounting loss before income tax	₦ million	₦ million	₦ million	₦ million
Loss from continuing operations	(4,547)	(1,039)	(4,260)	(1,034)
Loss from discontinued operations	-	(551)	-	(551)
	---------	---------	---------	---------
Total loss for the year	(4,547)	(1,590)	(4,260)	(1,585)
	---------	---------	---------	---------
At Nigeria's statutory income tax rate of 30% (2014: 30%)	(1,364)	(477)	(1,278)	(476)
Income exempted for tax purposes				1
Utilization of previously unrecognized tax credit	-	33	-	33
Prior year over provision	(28)		(28)	-
Non-deductible expenses for tax purposes	1,380	226	1,318	224
	--------	---------	---------	---------
At the effective income tax rate of 3% (2014: 14%)	12	(218)	12	(218)
	====	=====	====	=====

15 INCOME TAX - *continued*

15.4 DEFERRED TAX

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Statement of financial position at 1 January	(16)	194	(16)	194
Deferred tax charge/(credit) for the year from continuing and discontinued operations	16	(218)	16	(218)
	-------	---------	--------	---------
	-	(24)	-	(24)
Portion of Mass Market classified as held for sale	-	8	-	8
	--------	---------	--------	---------
	-	(16)	-	(16)
	====	=====	====	=====
At 1 January	(16)	194	(16)	194
Accelerated depreciation for tax purpose	426	168	426	168
Unutilised tax credit	(1,064)	(386)	(1,064)	(386)
Reclassified as asset held for sale	-	8	-	8
Deferred tax not recognized**	654	-	654	-
	--------	---------	--------	--------
At 31 December	-	(16)	-	(16)
	====	====	====	====

** The Group has net deferred tax assets of N1.668 billion as at December 2015. However, the deferred tax asset was not recognized due to the accumulated loss position of the Group.

	The Group		The Company	
	2015	2014	2015	2014
Reflected in the statement of financial position as follows:	₦ million	₦ million	₦ million	₦ million
Deferred tax assets	-	(16)	-	(16)
Deferred tax liabilities	-	-	-	-
	---------	---------	---------	---------
Deferred tax (liabilities)/ assets net	-	(16)	-	(16)
	---------	---------	---------	---------
Deferred tax charge/ (credit)				
Movement in deferred tax	16	(218)	16	(218)
	---------	---------	---------	---------

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 recognised in the statement of financial position as at 31 December 2015 are stated below. There is no expiry dates in respect of these unused tax credits.

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Unutilised tax credit	1,668	733	1,668	733
	======	======	======	======

15.5 INCOME TAX PAYABLE

	The Group		The Company	
	2015	2014	2015	2014
Reconciliation of income tax liabilities	₦ million	₦ million	₦ million	₦ million
Opening balance	98	217	98	217
Company income tax paid	(70)	-	(70)	-
Education tax paid	-	(6)	-	(6)
Over provision	(28)	-	(28)	-
Company income classified as liability held for sale	-	(95)	-	(95)
Education tax paid classified as liability held for sale	-	(18)	-	(18)
	-------	--------	-------	--------
Closing balance	-	98	-	98
	====	====	====	====

16 LOSS PER SHARE (EPS)

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Net loss attributable to ordinary equity holders of the parent	(4,535)	(1,372)	(4,248)	(1,367)
	======	======	======	======
Weighted average number of ordinary shares for basic earnings per share	5,844	5,366	5,844	5,366
	---------	---------	---------	---------
Basic loss per share	(0.78)	(0.26)	(0.73)	(0.25)
	=====	=====	=====	=====
Weighted average number of ordinary shares for diluted earnings per share *	7,612	5,843	7,612	5,843
	---------	---------	---------	---------
Diluted loss per share	(0.6)	(0.23)	(0.56)	(0.23)
	=====	=====	=====	=====
Net loss attributable to ordinary equity holders of the parent from continued operation	(4,535)	(925)	(4,248)	(920)
Weighted average number of ordinary shares for basic earnings per share	5,844	5,366	5,844	5,366
	---------	---------	---------	---------
Basic loss per share from continuing operation	(0.78)	(0.17)	(0.73)	(0.17)
	=====	=====	=====	=====
Weighted average number of ordinary shares for basic earnings per share	7,612	5,843	7,612	5,843
	---------	---------	---------	---------
Diluted loss per share for from continued operations (Kobo)	(0.6)	(0.16)	(0.56)	(0.16)
	=====	=====	=====	=====

*Includes 1,768 million units of dilution shares. This relates to additional shares to be allotted to ADP 1 Holding 9 and EFFI in line with the convertible loan agreement.

17 PROPERTY, PLANT AND EQUIPMENT - THE GROUP

	Land & buildings	Plant & machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer & office equipment	Total
Cost	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2014	3,669	658	1,951	1,645	754	348	359	9,384
Additions	96	50	4	74	51	19	17	311
Transfer from CWIP	694	1	(1,348)	650	2	-	1	-
Disposals	-	(4)	(11)	-	-	(34)	-	(49)
Write off	(40)	(7)	-	(58)	-	-	-	(105)
Reclassification as held for sale	(1,187)	(88)	-	(930)	(38)	(100)	(37)	(2,380)
Less: Assets of BC* and FCTL* disposed	(47)	(12)	-	(10)	(47)	(1)	(5)	(122)
Exchange differences	(6)	(1)	-	-	(2)	-	-	(9)
At 31 December 2014	3,179	597	596	1,371	720	232	335	7,030
Additions	151	82	106	48	33	20	47	487
Acquisition*	8	-		10	2	-	-	20
Transfer from CWIP	151	-	(223)	17	48	-	7	-
Disposals	-	-	-	-	-	(8)	(2)	(10)
Write off	-	-	(281)	-	(8)	-	(7)	(296)
Exchange differences	(4)	(1)	-	(3)	(2)	-	-	(10)
At 31 December 2015	3,485	678	198	1,443	793	244	380	7,221

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

	Land & buildings	Plant & machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer & office equipment	Total
Depreciation:	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2014	605	292		672	553	235	275	2,632
Charge for the year	127	45	-	77	74	18	21	362
Disposals		(2)	-	-	-	(31)	-	(33)
Write off	(16)	(2)	-	(30)	-	-	-	(48)
Impairment	2	8	-	-	32	-	22	64
Charge for the year: Discontinued	46	10	-	63	6	19	15	159
Reclassification as held for sale	(121)	(42)	-	(162)	(27)	(59)	(28)	(439)
Less: Assets of BC* and FCTL * disposed-Accumulated Depreciation	(17)	(9)	-	(6)	(34)	(1)	(3)	(70)
Exchange difference	(1)	2	-	1	(2)	-	-	-
	---------	--------	-------	--------	---------	---------	---------	---------
At 31 December 2014	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
	=====	====	====	====	=====	====	====	======
Net book value:								
At 31 December 2015	2,723	313	198	732	127	52	55	4,200
	=====	====	====	====	====	====	====	=====
At 31 December 2014	2,554	295	596	756	118	51	33	4,403
	=====	====	====	====	====	====	====	======
At 1 January 2014	3,064	366	1,951	973	201	113	84	6,752
	=====	====	====	====	====	====	====	======

*FRF - Free Range Farms Plc
*CWIP - Capital work in progress
*BC - Bar Concepts Limited
* FCTL - Food Concepts Trading and Logistics Limited
Acquisition* - Asset acquired from a closed outlet from a franchisee. The assets acquired was recognised at the date of the acquisition at their respective estimated fair values.

17 PROPERTY, PLANT AND EQUIPMENT - THE COMPANY

	Land & buildings	Plant & machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer & office equipment	Total
Cost:	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2014	3,585	636	1,930	1,618	693	346	353	9,161
Additions	97	42	4	62	43	19	17	284
Transfer from CWIP	673	1	(1,327)	650	2	-	1	-
Write off	(40)	(7)	-	(58)	-	-	-	(105)
Disposal	-	(4)	(11)	-	-	(34)	-	(49)
Reclassification as held for sale	(1,187)	(88)	-	(930)	(38)	(100)	(37)	(2,380)
At 31 December 2014	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 CWIP	151	-	(223)	17	48	-	7	-
Disposals	-	-	-	-	-	(8)	(2)	(10)
Write off	-	-	(281)	-	(8)	-	(7)	(296)
At 31 December 2015	3,437	662	198	1,417	775	243	379	7,111

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

	Land & buildings	Plant & machinery	Capital work-in-progress	Kitchen equipment	Furniture and fittings	Motor vehicle	Computer & office equipment	Total
Depreciation:	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
At 1 January 2014	580	280	-	660	506	234	271	2,531
Charge for the year	123	46	-	76	71	18	21	355
Disposals	-	(2)	-	-	-	(31)	-	(33)
Impairment	1	8	-	-	32	-	22	63
Charge for the year: Discontinued	46	10	-	63	6	19	15	159
Reclassification as held for sale	(121)	(42)	-	(162)	(27)	(59)	(28)	(439)
Write off	(15)	(2)	-	(30)	-	-	-	(47)
	---------	---------	------	---------	---------	---------	---------	---------
At 31 December 2014	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
	====	====	===	====	====	===	===	=====
Net book value:								
At 31 December 2015	2,687	302	198	718	122	52	54	4,133
	=====	====	====	====	====	===	===	=====
At 31 December 2014	2,514	282	596	735	112	50	33	4,322
	=====	====	====	====	====	===	===	=====
At 1 January 2014	3,005	356	1,930	958	187	112	82	6,630
	=====	====	====	====	====	====	====	======

The impairment loss for the Group, N296 million in 2015 (2014: N64million) (Company N296 million (2014: N63million)) represented the write-down of certain property, plant and equipment to its recoverable amount as a result of obsolescence/ physical damage based on fair value less cost to sell. This was recognized in the profit or loss in other expenses.

18 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 2014	1,282	261	1,543	1,282	261	1,543
Additions	-	27	27	-	27	27
Reclassification as held	(20)	-	(20)	(20)	-	(20)
At 31 December 2014	**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**
Amortisation:						
At 1 January 2014	-	127	127	-	127	127
Charge for the year	-	57	57	-	57	57
At 31 December 2014	**-**	**184**	**184**	**-**	**184**	**184**
Charge for the year	-	57	57	-	57	57
At 31 December 2015	**-**	**241**	**241**	**-**	**241**	**241**
Carrying value:						
At 31 December 2015	**1,262**	**47**	**1,309**	**1,262**	**47**	**1,309**
At 31 December 2014	**1,262**	**104**	**1,366**	**1,262**	**104**	**1,366**

The brand rights were purchased and not internally generated.

18.1 IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Brand rights with indefinite lives has been allocated to the cash generating units below, which are also operating segments for impairment testing:

	Chicken Republic Unit		Total	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Brand rights with indefinite useful lives	1,262	1,262	1,262	1,262

The group performed its annual impairment test in December 2015 and 2014. 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 2015, the recoverable value (defined as the value in use) of the Chicken Republic brand was ₦4.2 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 17% annual growth in revenue while making inflation adjustment for costs.

18.1 IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - *continued*

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% (2014: 25%). Management has used a five years cash flow projection for the purpose of the impairment testing.

I) Key assumptions used in 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 14% 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 50% 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 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 16% 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 2015 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.

19 INVESTMENT IN SUBSIDIARIES

	The Company	
	2015	2014
	₦ million	₦ million
Food Concepts Ghana Limited	2	2
Express Foods Franchise International (EFFIL)#	-	-
	------	------
	2	2
	===	===

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

20 INVENTORIES

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Food and beverages	96	106	92	102
Packaging materials	39	33	39	33
Other consumables	21	20	21	20
	------	------	------	------
	156	159	152	155
	====	====	====	====

In 2015, inventory write off of N11 million was recognized in raw materials and consumables. (2014: N48 million was recognized as an expense under provisions and write off)

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Trade receivables	53	42	53	42
Amount due from related parties	-	-	229	234
Employee loans and advances	3	2	4	2
Other receivables	36	2,394	36	2,394
	------	--------	------	--------
	92	2,438	322	2,672
	===	=====	====	=====

During 2015, amounts relating to Free Range Farms Limited were reclassified from other financial assets to other receivables and subsequently, N3.4 Billion receivable from Free Range Farms 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.

Also, included in the other receivables in 2014 is 907 million invested in the Mass Market division, this amount has been reclassified to investment in associate upon the demerger of Mass market in February 2015.

- Terms and conditions relating to related party receivables are disclosed in note 29.
- Trade receivables are non-interest bearing and are generally on 60 day terms.

21.1 IMPAIRMENT OF TRADE RECEIVABLE

	The Group	The Company
	Collectively impaired	
	₦ million	₦ million
At 1 January 2014	43	43
Charge for the year	-	-
Write off	(37)	(37)
	------	------
As at 31 December 2014	6	6
Charge for the year	-	-
	------	------
As at 31 December 2015	6	6
	====	====

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 2015	53	9	16	15	11	2	-
31 December 2014	42	6	14	5	3	7	7
The company	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2015	53	9	16	15	11	2	-
31 December 2014	42	6	14	5	3	7	7

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.

22 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:

22.1 CASH AND SHORT-TERM DEPOSIT

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Cash at bank and on hand	225	132	217	114
Short-term deposits	325	10	322	10
	--------	--------	--------	--------
	550	142	539	124
	====	====	====	====

22.2 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:	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Cash at bank and on hand	225	132	218	114
Short-term deposits	325	10	321	10
	--------	--------	--------	--------
	550	142	539	124
Bank overdrafts (Note 24.2)	(130)	(122)	(130)	(122)
Bank overdraft balances included in disposal group held for sale	-	(33)	-	(33)
	....	....	....	....
	420	(13)	409	(31)
Cash and bank balances included in disposal group held for sale	-	13	-	13
	-------	--------	--------	--------
Cash and cash equivalents *	420	-	409	(18)
	====	====	====	====

*2014 overdraft has been restated due to the reclassification of ₦300 million FCMB bank term loan which was treated as a bank overdraft in the 2014 signed account.

23 SHARE CAPITAL AND RESERVES

	The Group		The Company	
Authorised shares	2015	2014	2015	2014
Ordinary shares of ₦0.50 each	11,400	8,800	11,400	8,800
	-----------	---------	----------	---------
	11,400	8,800	11,400	8,800
	======	=====	======	=====
Movement in Authorized shares				
Ordinary shares of ₦0.50 each @ Jan 1	8,800	8,800	8,800	8,800
Increase in authorised share capital of ₦0.50 each	2,600	-	2,600	-
	----------	---------	-----------	---------
	11,400	8,800	11,400	8,800
	======	=====	======	=====

Issued share Capital	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
At 1 January	2,683	2,683	2,683	2,683
Increase in issued share capital of ₦0.50 each	239	-	239	-
	---------	---------	----------	----------
At 31 December	**2,922**	**2,683**	**2,922**	**2,683**
	=====	=====	=====	=====

Issued shares	The Group		The Company	
	2015	2014	2015	2014
Ordinary shares of ₦0.50 each	5,844	5,366	5,844	5,366
	---------	---------	----------	----------
	5,844	5,366	5,844	5,366
	=====	=====	=====	=====

On 12 May 2015, the authorised share capital was increased by 2,600,000,000 ordinary shares of ₦0.50 each. (N1,300,000)

23.1 SHARE PREMIUM

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
At 1 January	5,009	5,031	5,009	5,031
**Increase in issued share capital	(239)	-	(239)	-
Transaction cost	(70)	-	(70)	-
Write off of unpaid shares	-	(22)	-	(22)
	---------	---------	---------	---------
At 31 December	4,700	5,009	4,700	5,009
	=====	=====	=====	=====

23.2 FOREIGN CURRENCY TRANSLATION RESERVE

	The Group	The Group
	2015	2014
	₦ million	₦ million
At 1 January	(111)	2
Foreign-exchange translation differences	(12)	(113)
	------	--------
At 31 December	(123)	(111)
	====	====

** 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 N1.80. 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.

24 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 OTHER FINANCIAL ASSETS

			The Group		The Company	
	Rate		2015	2014	2015	2014
Non-current	%	Maturity	₦ million	₦ million	₦ million	₦ million
Loan to Free Range Farm Limited (Note 21)*			-	2,216	-	2,216
Loan to Food Concepts Pioneer Limited	9		389	-	389	-
			-------	---------	-------	---------
Total other financial assets			389	2,216	389	2,216
			====	=====	====	=====
Current						
Loan to Free Range Farm Limited (Note 21.1)- Current			530	-	530	-
			-------	-------	-------	-------
			530	-	530	-
			====	====	====	====

24.2 OTHER FINANCIAL LIABILITIES AT AMORTISED COST:

			The Group		The Company	
			2015	2014	2015	2014
Current	**Rate %**	**Maturity**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Bank overdrafts**	14.5	On demand	130	122	130	122
₦900 million bank loan	7	28-Feb-16	52	154	52	154
₦207 million bank loan	17.5	30-Sep-18	-	15	-	15
₦1 billion bank loan	7	30-Sep-18	200	152	200	152
₦1.6 billion secured bank loan	9	28-Nov-16	1,600	-	1,600	-
₦300 million bank loan	17	On demand	300	300	300	300
ADP 1 Holding 9 loan	10	On demand	286	-	286	-
ADP 1 Holding 9 convertible loan	10	On demand	862	-	862	-
EFFIL convertible loan	10	On demand	384	-	384	-
			--------	-------	---------	-------
Total current loans and borrowings			3,814	743	3,814	743
			=====	====	=====	====

24.3 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

			The Group		The Company	
			2015	2014	2015	2014
Non-Current	**Rate %**	**Maturity**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
₦900 million bank loan*	7	28-Feb-16	-	39	-	39
₦ 207millionbankloan	17.5	30-Sep-18	-	42	-	42
₦ 1billionbankloan	7	30-Sep-18	350	422	350	422
₦ 539BOIloan***	10	31-Jul-17	389	-	389	-
₦ 1.6 billion secured bank loan	9	28-Nov-16	-	1,600	-	1,600
Otherloansinsubsidiary^			4	4	-	-
			-------	-------	-------	-------
Total non-current loans and borrowings			743	2,107	739	2,103
			===	=====	====	=====
Total loans for continuing operation			4,557	2,850	4,553	2,846
			=====	====	=====	=====

*This has been classified as current in 2015 due to the maturity profile of the loan.

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

***This was classified as held for sale in 2014. However, the conditions required by BOI and Standard Chartered Bank for the transfer of obligor have not been fulfilled by Food Concepts Pioneer Limited, hence the classification in 2015 and it's represented by other financial assets in note 24.1 above

^ Relates to Express Foods Franchise International Limited loan.

24.3.1 OTHER FINANCIAL LIABILITIES AT AMORTISED COST - DISCONTINUED OPERATION

The table below shows the portion classified as held for sale in 2014.

			The Group	The Company
			2015	2014
Other financial assets and financial liabilities	Rate %	Maturity	₦ million	₦ million
Bank overdrafts	19.5	On demand	33	33
₦900 million bank loan	7	28-Feb-16	62	62
₦1.1billion bank loan	Prime interest rate	30-Sep-18	192	192
₦539 BOI loan	10	31-Jul-17	498	498
			--------	--------
Total loans and borrowings			785	785
			====	====

24.3.2 MOVEMENT IN BORROWINGS (EXCLUDING OVERDRAFT)

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Opening	2,728	3,694	2,724	3,691
Additions-Nigeria	1,830	300	1,830	300
Exchange loss on EFFI loan	-	1	-	-
Repayments	(1,160)	(515)	(1,160)	(515)
Classified as held for sale (Note 14.2.3)	-	(752)	-	(752)
Reclassified from Brand payable (Note 28 & 24.2)	384	-	384	-
Reclassified from previously classified as held for ##	645	-	645	-
	---------	----------	---------	---------
	4,427	2,728	4,423	2,724
	=====	=====	=====	=====

This includes the 2015 balance of BOI loan for the sausage roll plant ₦389 million and other loans apportioned to Mass Market in 2014; FCMB/ BOI loan ₦176 million, FCMB short term loan ₦18 million and Fidelity bank loan ₦62 million, these were all classified as held for sale in 2014 but now moved to Food Concepts in 2015.

24.4 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 recognized in the consolidated and separate financial statements approximate their fair values.

The Group	Carrying ammount		Fair value	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Financial assets				
Loans and receivables:				
Loan to Free Range Farms Plc	530	2,216	530	2,216
Loan to FCPL	389	-	389	-
Trade and other receivables	92	2,438	92	2,438
	===	=====	===	=====

24.4 FAIR VALUES - *continued*

The Group	Carrying ammount		Fair value	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Financial liabilities				
Borrowings				
Bank overdrafts	130	122	130	122
Fixed interest rate borrowings	4,427	2,728	4,441	2,728
Trade and other payables	1,694	1,558	1,694	1,558
	=====	=====	=====	======
The Company				
Financial assets				
Loans and receivables:				
Loan to Free Range Farms Plc (FRF)	530	2,216	530	2,216
Loan to Food Concepts Pioneer Limited (FCPL)	389	-	389	-
Trade and other receivables	322	2,672	322	2,672
	====	=====	====	=====
Financial liabilities				
Borrowings				
Bank overdrafts	130	122	130	122
Fixed rate borrowings	4,423	2,724	4,437	2,724
Trade and other payable	1,678	1,542	1,678	1,542
	=====	=====	=====	=====

Fair value hierarchy- Group	Fair value hierarchy as at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
Loan to related parties (FRF and FCPL)	-	-	919	910
Trade receivables	-	-	92	92
	====	====	====	====
Financial liabilities held at amortised cost:				
Borrowings:				
Bank overdrafts	-	-	130	130
Fixed interest rate borrowings	-	-	4,441	4,441
Trade payables	-	-	1,694	1,694
	====	====	=====	=====

The carrying amount and fair value of loan to Free Range Farms is same due to the short-term maturity.

	Fair value hierarchy as at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
Due from related parties			2,216	2,216
Trade and other receivables	-	-	2,438	2,438
	====	====	=====	=====
Financial liabilities held at amortised cost:				
Borrowings				
Bank overdrafts	-	-	122	122
Fixed and prime interest rate borrowings	-	-	2,728	2,728
Trade and other payables	-	-	1,558	1,558
	====	====	=====	=====

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.

24.5 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 2015 as shown below:

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

LOANS AND RECEIVABLES

Loan to Free Range Farms Plc are held to maturity and generate a fixed interest income for the Company. The company was granted a term loan under the Central Bank of Nigeria Commercial Agriculture Credit Scheme (CACS) on behalf of Free Range Farms Limited. Free Range Farms Plc has the sole responsibility for the repayment of loan and interest. The loan in repayable over 24 months started in January 2014 and ending December 2016 in equal monthly installments of the sum of N65million each. The interest rate is fixed at 9%.

LOANS AND RECEIVABLES - *continued*

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 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.

1 billion BOI loan

This represents a N1 billion 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 prime lending rate of 7%

300 million loan

This represents a 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.

539 million BOI loan

This represents a 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 2014. This was classified as held for sale in 2014.

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.

ADP 1 Holding 9 loan

This represents a portion of the loan disbursed by ADP 1 Holding 9 to Food Concept Plc which is not convertible but payable on demand.

25 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.

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 illus trates the summarized financial information of the Group's investment in Food Concept Pioneer Limited:

	2015 ₦ million
Investment in associate - Company	907
	====
Investment in associate - Group	
Current assets	522
Non-current assets	1,480
Current liabilities	(430)
Non-current liabilities	(276)

Equity	**1,296**
	====
Group's carrying amount of the investment (49.9%)	**646**
	====
Revenue	681
Cost of sales	(553)
Administrative expenses	(875)
Finance income	30
Finance costs	(29)

Profit before tax	**(746)**
Income tax expense	224

Profit for the year	(522)
Other comprehensive loss	-

Total comprehensive income for the year	**(522)**

Group's share of profit for the year	**(261)**
	====

The associate had no contingent liabilities or capital commitments as at 31 December 2015.

26 PREPAYMENT

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Prepaid rent	460	469	456	446
Prepaid insurance	12	14	12	13
Prepaid health insurance	5	1	5	1
Prepaid others	22	4	21	2
	------	------	------	-------
At 31 December	499	488	494	462
	===	===	===	====

27 DEFERRED INCOME

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
At 1 January	23	64	23	64
Addition for the year	23	15	23	15
Released to profit or loss	(8)	(3)	(8)	(3)
Reclassified as held for sale	-	(53)	-	(53)
	-----	-----	-----	------
At 31 December	38	23	38	23
	===	===	===	===

28 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Trade	497	435	487	424
Brand rights payable ^	-	384	-	384
Dividend payable	12	12	12	12
Statutory liabilities (Note 28.1)	406	364	404	364
Accruals	175	104	170	98
Bonus payable*	181	181	181	181
Legacy debt**	162	-	162	-
Accrued interest for convertible loans***	169	-	169	-
Others	92	78	93	79
	--------	--------	--------	--------
	1,694	1,558	1,678	1,542
	=====	=====	=====	=====

^ This has been reclassified to interest bearing loans (See Note 24.2)

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

** This includes the payable for financial advisory services of N104 million 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 9 and 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 normally settled quarterly throughout the financial year

28.1 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.

29 RELATED PARTY TRANSACTIONS

29.1 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.

	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 December 2015			10	3	229	-
31 December 2014			9	4	234	-
Tricorn Capital:	Professional services *	Common Director				
31 December 2015			-	85	-	-
31 December 2014			-	7	-	-
Fajemirokun & Fajemirokun:	Property rent *	Common Director				
31 December 2015			-	14	-	-
31 December 2014			-	7	-	-
Ayo Olagundoye:	Property rent *	Director				
31 December 2015			-	16	-	-
31 December 2014			-	11	-	-
Kikkirossi	Professional services	Common Director				
31 December 2015			-	13	-	-
31 December 2014			-	7	-	-
ADP 1 Holding 9#	Loan and associated Interest	Shareholder				
31 December 2015			-	130	-	1,278
31 December 2014			-	-	-	-
EFFI #	Loan and associated Interest	Common Director				
31 December 2015			-	38	-	422
31 December 2014			-	-	-	-
Free Range Farms @	Management fee, loan and associated interest and purchase of Chicken	Common Shareholding				
31 December 2015			301	146	530	17
31 December 2014			357	156	3,622	2

*This amount has been grossed up to include withholding tax portion.

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

@ The amount receivable from FRF in 2015 is net of N 3.4 billion impairments.

29.1 RELATED PARTY TRANSACTIONS - continued

Terms and conditions of transactions with related parties:

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 2015, the Group has impairment for the receivables relating to its related parties to the tune of ₦3.4 billion (2014: ₦ 164m, this is included in the write offs in profit or loss). 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.

29.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Short-term employee benefits	129	61	129	61
Defined contribution	-	1	-	1
	--------	--------	-------	------
Total compensation paid to key Management personnel	129	62	129	62
	====	====	====	===

Key management includes employees Executive Management including CEO. The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Compensation of key management personnel of the Group	Year	Nature of transaction	Amount of transaction	Due to	Due from
Nature of Related			₦ million	₦ million	₦ million
Key Management personnel	2015	Remu-neration expenses	129	-	-
			====	====	====
	2014	Remu-neration expenses	336	181	-
			====	====	====

The amount ₦336 million reported in 2014 is a combination of arrears of entitlement from 2008 to 2013 and 2014 salary differential. The amount due is to be converted to shares subsequently.

30 DIRECTORS AND EMPLOYEES

30.1 DIRECTORS

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
The remuneration paid to the Directors was:	189	421	189	421
Directors fees	40	85	40	85
	-------	-------	-------	--------
	229	506	229	506
	====	====	====	====
Fees and other emoluments disclosed include amounts paid to:				
Chairman*	170	394	170	394
	====	====	====	====
The highest paid Director*	170	394	170	394
	====	====	====	====

*Total emolument for the chairman in 2014 includes N336 million being accrual for arrears of entitlement from 2008 to 2013.

Scale of other Directors' emoluments	The Group		The Company	
	2015	2014	2015	2014
	Number	Number	Number	Number
₦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
	===	===	===	===

30.2 EMPLOYEES

The number of employees other than the Directors who earned more than ₦100,000 in the year were as follows:

	The Group		The Company	
	2015	2014	2015	2014
	Number	Number	Number	Number
₦140,001 to ₦180,000	48	51	-	-
₦180,001 to ₦280,000	338	557	328	546
₦280,001 to ₦480,001	251	216	246	212
₦480,001 to ₦720,001	76	103	76	102
₦720,001 to ₦1,000,000	25	33	25	33
₦1,000,001 to ₦3,000,000	60	56	59	55
₦3,000,001 to above	37	43	36	43
	----	-----	-----	-----
	835	1,059	770	991
	===	===	===	===

The number of full-time persons employed as at 31 December 2015 was as follows

	The Group		The Company	
	Number	Number	Number	Number
Retail outlets	700	930	638	865
Administration	135	129	132	126
	....	....	....	....
	835	1,059	770	991
	====	====	====	====

31 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.

	The Group		The Company	
	2015	2014	2015	2014
	₦ million	₦ million	₦ million	₦ million
Borrowings (Note 24.3)	4,557	2,850	4,553	2,846
Trade and other payables (Note 28)	1,694	1,558	1,678	1,542
	....	....	....	....
	6,251	4,408	6,231	4,388
Less: cash and short-term deposits (Note 22)	(550)	(142)	(539)	(124)
	....	....	....	....
Net debt	5,701	4,266	5,692	4,264
Equity	2,082	6,520	2,508	6,647
	....	....	....	....
Equity and net debt	7,783	10,786	8,200	10,911
	....	....	....	....
Gearing	73%	40%	69%	40%
	=====	=====	====	====

32 GOING CONCERN

The Group has been making recurring losses in the last four (4) years and has incurred a net loss of N4.54 billion for the year ended 31 December 2015 (2014: N1.37 billion). This has resulted into an accumulated loss of N5.42 billion (2014:N1.06 billion). As at the reporting date the Group has a negative working capital of N3.719 billion (2014: a positive working capital of N626 million). These conditions indicate an existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and as such may not be able to realise 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. 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.

33 CONTINGENCIES

In 2012, the Group entered into 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.

34 EVENT AFTER REPORTING DATE

Mr. Ayo Olagundoye was appointed as non-executive chairman of the Board vide a resolution of 9 February 2016. He began acting in that capacity at the subsequent board meeting of 20 April 2016.

The Group discovered the existence of a subsidiary Express Foods Franchise International limited during a search conducted in 2017. Subsequently, the financial statement has been restated to include the impact of the subsidiary.

Apart from the aforementioned, no other events have occurred since the reporting date, which could have a significant effect on these financial statements.

35 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 24. 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 similaraly 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 2015 and 2014 is the carrying amounts as illustrated in Note 24.3.

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.

Market risk - *continued*

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.

The fair value of the financial assets and liabilities 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. The cash and cash equivalent, trade receivables, trade payables and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 credit risk at the reporting date, including ageing analysis and impairment is included in Note 21. 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 up-front 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.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both borrowings and non-borrowings instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's: Los for the year ended 31 December 2015 would decrease/increase by Nil (2014: decrease/increase by Nil). This is mainly attributable because the Group's exposure to interest rates on its borrowings are fixed and therefore it will not fluctuate; and other comprehensive income for the year ended 31 December 2015 would decrease/increase by nil (2014:decrease /increase by nil). The impact of interest rate sensitivity is not material.

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 not material.

	Pound sterling impact		US Dollar impact	
	%	₦ million	%	₦ million
2015	5%	-	5%	(82)
	(5)%	-	(5)%	82
2014	5%	(17)	5%	(0.5)
	(5)%	17	(5)%	0.5

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 an 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

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*

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

31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
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
	=====	=====	=====	===	=====
31 December 2014					
Borrowings	122	-	765	1,963	2,850
Trade and other payables	1,558	-	-	-	1,558
	--------	--------	--------	--------	--------
	1,680	-	765	1,963	4,408
	=====	=====	=====	=====	=====

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

31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	₦ million	₦ million	₦ million	₦ million	₦ million
Borrowings	130	385	3,516	633	4,664
Trade and other payables	1,328	-	350	-	1,678
	--------	--------	--------	--------	--------
	1,458	-	3,866	739	6,342
	=====	=====	=====	=====	=====
31 December 2014					
Borrowings	122	-	765	1,959	2,846
Trade and other payables	1,542	-	-	-	1,542
	--------	--------	--------	--------	--------
	1,664	-	765	1,959	4,388
	=====	=====	=====	=====	=====

VALUE ADDED STATMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	The Group				The Company			
	2015		2014		2015		2014	
	₦ million	%	₦ million	%	₦ million	%	₦ million	%
Revenue from continuing operation	3,604		3,464		3,395		3,263	
Revenue from discontinued operation	-		1,270		-		1,270	
Other operating income*	286		61		286		61	
Finance income	134		41		133		41	
	---------		---------		---------		---------	
	4,024		4,836		3,814		4,635	
Deduct:								
Outside purchases of services and products:								
Local Purchases of goods and services	(6,963)		(4,543)		(6,493)		(4,363)	
	---------	-----	---------	-----	---------	-----	---------	------
Value (consumed) added	(2,939)	100	293	100	(2,679)	100	272	100
	=====	===	=====	===	=====	===	=====	===
Applied as follows:								
		%		%		%		%
To pay employee:								
- salaries and labour related expenses*	906	(31)	1,042	356	887	(33)	1,025	378
To provider of capital								
- interest*	238	(8)	199	68	238	(9)	198	73
To Government:								
- as company taxes* (Note 15.1)	(28)	1	-	-	(28)	1	-	-
- Education tax*	-	-	-	-	-	-	-	-
- Deferred tax* (Note 15.1)	16	(1)	(218)	(74)	16	(1)	(218)	(80)
For assets replacement								
- Depreciation and amortisation*	464	(16)	642	219	456	(17)	634	233
- Retained for the future operations*	(4,535)	155	(1,372)	(469)	(4,248)	159	(1,367)	(504)
	---------	-----	---------	-----	---------	-----	---------	-----
	(2,939)	100	293	100	(2,679)	100	272	100
	======	===	======	===	======	===	======	===

*2014 Value added statement include Mass Market classified as held for sale.

The value consumed/ added represents the wealth (utilized)/ created through the use of 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 2015

Year ended 31st December	IFRS				NGAAP
	2015	2014	2013	2012	2011
		Restated	Restated		
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Profit or loss and other comprehensive income					
Revenue from continuing operation	3,604	3,464	3,101	5,811	5,303
	=====	=====	=====	=====	=====
Revenue from discontinued operations	-	1,270	1,632	-	-
	=====	=====	=====	=====	=====
(Loss)/profit before income taxation	(4,547)	(1,590)	(405)	(93)	95
	=====	=====	=====	=====	=====
(Loss)/profit for the year	(4,535)	(1,372)	(517)	(80)	3
	=====	=====	=====	=====	====
Total comprehensive (loss)/ income for the year	(4,547)	(1,485)	(516)	(79)	20
	=====	=====	=====	=====	=====
Basic/diluted earnings per share (kobo)	(0.78)	(0.26)	(0.9)	(0.1)	0.8
	=====	=====	=====	=====	====
Diluted earnings per share (kobo)	(0.6)	(0.23)	-	-	-
	=====	=====	=====	=====	====

Year ended 31st December	IFRS				
	2015	**2014**	**2013**	**2012**	**2011**
	₦ million	**₦ million**	**₦ million**	**₦million**	**₦ million**
Employment of funds:		**Restated**	**Restated**		
Property, plant & equipment	4,200	4,403	6,752	9,872	8,935
Intangible assets	1,309	1,366	1,416	1,462	1,460
Deferred tax asset	-	16	-	-	-
Investment in associates	646	-	-	-	-
Other non-current asset	389	2,216	1,979	-	-
Net current (liabilities)/ assets	(3,719)	626	(352)	26	(1,755)
Non-current liabilities	(743)	(2,107)	(1,859)	(1,589)	(2,717)
	---------	---------	---------	---------	---------
Net assets	2,082	6,520	7,936	9,771	5,923
	=====	=====	=====	=====	=====
Funds employed					
Share capital	2,922	2,683	2,683	2,639	1,726
Share premium account	4,700	5,009	5,031	6,482	3,468
Retained earnings	(5,417)	(1,061)	223	637	706
Foreign currency translation reserve	(123)	(111)	2	1	-
Non-controlling interest	-	-	(3)	12	23
	---------	---------	---------	---------	---------
	2,082	6,520	7,936	9,771	5,923
	=====	=====	=====	=====	=====
Net assets per share (kobo)	36	122	183	215	164
	===	===	===	====	===

FIVE YEAR FINANCIAL SUMMARY - *(The Company)*

FOR THE YEAR ENDED 31 DECEMBER 2015

Year ended 31st December	IFRS				NGAAP
	2015	2014	2013	2012	2011
		Restated	Restated		
	₦ million	₦ million	₦ million	₦ million	₦ million
Profit or loss and other comprehensive income					
Revenue from continuing operation	3,395	3,263	2,884	5,363	4,711
	=====	=====	=====	=====	=====
Revenue from discontinued operations	-	1,270	1,632	-	-
	=====	=====	=====	=====	=====
(Loss)/profit before income taxation	(4,260)	(1,585)	324	(6)	98
	=====	=====	=====	=====	=====
(Loss)/profit for the year	(4,248)	(1,367)	(436)	7	24
	=====	=====	=====	=====	=====
Total comprehensive (loss)/ income for the year; net of tax	(4,248)	(1,367)	(436)	7	24
	=====	=====	=====	=====	=====
Basic earnings per share (kobo)	(0.73)	(0.25)	(0.08)	0.13	0.69
	=====	=====	=====	=====	=====
Diluted earnings per share (kobo)	(0.56)	(0.23)	(0.08)	0.13	0.69
	=====	=====	=====	=====	=====

Year ended 31st December	IFRS				
	2015	2014	2013	2012	2011
	₦ million	₦ million	₦ million	₦ million	₦ million
Employment of funds					
Property, plant & equipment	4,133	4,322	6,630	5,747	3,640
Intangible assets	1,309	1,366	1,416	1,462	1,460
Other non-current asset	389	2,216	1,979	1,889	1,751
Deferred tax asset	-	16	-	-	-
Investment in subsidiaries	2	2	68	1,428	3,333
Investment in associates	907	-	-	-	-
Net current (liabilities)/ assets	(3,493)	828	(201)	925	(1,647)
Non-current liabilities	(739)	(2,103)	(1,856)	(1,573)	(2,701)
	---------	---------	---------	---------	---------
Net assets	2,508	6,647	8,036	9,878	5,836
	=====	=====	=====	=====	=====
Funds employed					
Share capital	2,922	2,683	2,683	2,639	1,726
Share premium account	4,700	5,009	5,031	6,482	3,468
Retained earnings	(5,114)	(1,045)	322	757	642
	---------	---------	---------	---------	---------
	2,508	6,647	8,036	9,878	5,836
	=====	======	======	======	======
Net assets per share (kobo)	43	124	184	217	162
	=====	=====	=====	=====	=====

NOTICE OF ANNUAL GENERAL MEETING

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 15th 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 10a.m., 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 2015 and the Reports of the Directors, Auditors and Audit Committee thereon.

(2) To ratify and approve the appointments of Runa Alam, Marc Stoneham, Babacar Ka and Adefolarin Adebayo Ogunsanya as Directors of the Company.

(3) To elect/ re-elect directors including Mr. Odunayo Olagundoye, who is over 70 years old, special notice to that effect having been received by the Company in accordance with section 256 of the Companies and Allied Matters Act 2004.

(4) To authorize the directors to determine the remuneration of the Auditors.

(5) To re-elect members of the Audit Committee.

Special Business

To consider and if thought fit, pass the following as an ordinary resolution, with such amendments as shall be determined at that meeting:

1. THAT the authorised share capital of the Company be increased from NGN5,700,000,000 (Five billion, seven hundred million Naira) to NGN13,000,000,000 (thirteen billion Naira), by the addition thereto of the sum of NGN7,300,000,000 (seven billion, three hundred million Naira) divided into 14,600,000,000 ordinary shares of N0.50 (Fifty Kobo) each (Ordinary Shares).

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

1. THAT the Company's Memorandum of Association be and is amended, by amending Clause 6 and replacing the same with the following:

   "The Authorised Share Capital of the Company is N13,000,000,000.00 (thirteen billion Naira) divided into 26,000,000,000 (twenty-six billion) ordinary shares of 50 kobo each with power to increase the capital and divide the capital for the time being into several classes and to attach thereto any preferential, deferred, qualified or special rights, privileges or conditions".
2. THAT the Company's Articles of Association (Articles) be and are amended, in the form and content set out in the Annexure hereto, with immediate effect.
3. THAT the entry by the Company into unsecured, zero coupon convertible loan agreements with certain lenders (Convertible Loan Lenders) (Convertible Loan Agreements), in aggregate totalling NGN4,500,315,296 (four billion, five hundred million, three hundred and fifteen thousand, two hundred ninety-six Naira) be and are hereby ratified and approved.
4. THAT, following the increase in authorised share capital pursuant to paragraph 1 above, the directors of the Company (Directors) be and are hereby authorised to allot and issue up to 9,000,630,592 Ordinary Shares (Conversion Shares) for cash at a price of N0.50 (fifty kobo) per share to the Convertible Loan Lenders, such Conversion Shares to be paid up by the Convertible Loan Lenders in consideration for the release of the liability of the Company to the Convertible Loan Lenders.

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

FOOD CONCEPTS PLC

I / We -

- -

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		
To authorise the directors to determine remuneration of auditors		
To re-elect members of the audit committee		
To increase the Authorized Share Capital of the Company from NGN5,700,000,000 to NGN7,300,000,000		
Amend clause 6 of the Company's Memorandum of Association		
To amend the Company's Articles of Association		
To ratify and approve the entry by the Company into zero coupon convertible loan agreements with certain lenders		
Authorise the directors of the Company to allot and issue up to 9,000,630,592 Ordinary Shares		

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.

Being a member of Food Concepts Plc hereby appoint

- -

Of -

- -

Or failing him/her

- -

Of -

- -

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 10a.m., and at any adjournment thereof.

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

- -

Signature

ADMISSION CARD

Please Admit -

Name of Shareholder -

FOOD CONCEPTS PLC

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