



**FRANCHISE
BRANDS**

AIM ADMISSION DOCUMENT

Placing and subscription
and admission to trading on AIM

Nominated Adviser & Joint Broker



Joint Broker



THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000 (“FSMA”) (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

This Admission Document is an admission document drawn up in accordance with the AIM Rules for Companies and has been prepared in connection with the proposed application for admission of the issued and to be issued share capital of the Company to trading on AIM, a market of London Stock Exchange plc. This Admission Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority (“FCA”) and a copy has not been, and will not be, approved or filed with the FCA. This Admission Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise.

The Company and each of the Directors, whose names appear on page 4 of this Admission Document, individually and collectively accept full responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the whole of the Company’s issued and to be issued ordinary share capital to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA (the “Official List”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange plc in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. London Stock Exchange plc has not itself examined or approved the contents of this Admission Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

Prospective investors should read the whole of this Admission Document. An investment in the Company is speculative and involves a high degree of risk. The attention of prospective investors is drawn in particular to Part II of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Company’s business, financial position and prospects should be viewed in light of these risk factors.

It is expected that Admission (as defined on page 6 of this Admission Document) will become effective and dealings on AIM will commence in the Ordinary Shares at 8.00 a.m. on 5 August 2016.

Franchise Brands plc

(Incorporated and registered in England & Wales with registration number 10281033)

**Placing and subscription of up to 10,606,061 new Ordinary Shares
at a price of 33p per share
and Admission to trading on AIM**

Nominated Adviser & Joint Broker



Joint Broker



Allenby Capital Limited, which is authorised and regulated in the UK by the FCA, is acting as nominated adviser and joint broker to the Company. Allenby Capital Limited will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this Admission Document. The responsibilities of Allenby Capital Limited as the Company’s nominated adviser and joint broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or Shareholder or to any other person. In respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise, Allenby Capital Limited is not making any representation or warranty, express or implied, as to the contents of this Admission Document.

Dowgate Capital Stockbrokers Limited, which is authorised and regulated in the UK by the FCA, is acting as joint broker to the Company. Dowgate Capital Stockbrokers Limited will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this Admission Document. In respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise, Dowgate Capital Stockbrokers Limited is not making any representation or warranty, express or implied, as to the contents of this Admission Document.

This Admission Document contains forward-looking statements, including, without limitation, statements containing the words “believes”, “expects”, “estimates”, “intends”, “may”, “plan”, “will” and similar expressions (including the negative of those expressions). Forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Part II of this Admission Document, entitled “Risk Factors”. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this Admission Document are made on the date of this Admission Document, and, except as otherwise required by law or the AIM Rules, the Company, the Directors, Allenby Capital Limited and Dowgate Capital Stockbrokers Limited are not under any obligation to update those forward-looking statements in this Admission Document to reflect actual future events or developments.

No legal, business, tax or other advice is provided in this Admission Document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence. This Admission Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, this Admission Document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this Admission Document in other jurisdictions may be restricted by law. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, in, into or from the United States of America, Canada, Australia, the Republic of South Africa or Japan or to any national of the United States of America, Canada, Australia, the Republic of South Africa or Japan or to any national of those countries. This Admission Document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, the United States of America, Canada, Australia, the Republic of South Africa or Japan. No action has been taken by the Company, Allenby Capital Limited or Dowgate Capital Stockbrokers Limited that would permit an offer of Ordinary Shares or possession or distribution of this Admission Document where action for that purpose is required. Persons into whose possession this Admission Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law or other laws of any such jurisdictions.

In making any investment decision in respect of Admission and/or the Fundraising, no information or representation should be relied upon in relation to Admission or in relation to the Ordinary Shares other than as contained in this Admission Document. No person has been authorised to give any information or make any representation other than that contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been authorised.

It should be remembered that the price of securities and the income from them can go down as well as up and this Admission Document contains references to past performance of the Company and its subsidiaries. Past performance is not a reliable indicator of future results.

There is information given in this document which relates to tax treatment. Tax treatment depends on the individual circumstances of each investor and is subject to change in the future.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	<u>Stephen</u> Glen Hemsley Timothy (" <u>Tim</u> ") John Harris <u>Andrew</u> John Mallows <u>Robin</u> Nigel Auld <u>Julia</u> Rosalind Choudhury <u>Nigel</u> William Wray <u>David</u> John Poutney Robin (" <u>Rob</u> ") Christian Bellhouse	<i>Executive Chairman</i> <i>Chief Executive Officer</i> <i>Finance Director</i> <i>Marketing Director</i> <i>Corporate Development Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
	all of:	
	5 Edwin Avenue Hoo Farm Industrial Estate Kidderminster Worcestershire DY11 7RA	
Company Secretary	Mark Andrew Peters	
Registered Office	5 Edwin Avenue Hoo Farm Industrial Estate Kidderminster Worcestershire DY11 7RA	
Principal Place of Business	5 Edwin Avenue Hoo Farm Industrial Estate Kidderminster Worcestershire DY11 7RA	
Nominated Adviser & Joint Broker	Allenby Capital Limited 3 St. Helen's Place London EC3A 6AB	
Joint Broker	Dowgate Capital Stockbrokers Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ	
Reporting Accountant and Auditor to the Company	BDO LLP Two Snowhill Birmingham B4 6GA	
Legal Advisers to the Company	Gateley Plc One Eleven Edmund Street Birmingham B3 2HJ	

**Legal Advisers to the
Nominated Adviser
and Joint Brokers**

Nabarro LLP
125 London Wall
London
EC2Y 5AL

**Financial Public Relations
Advisers to the Company**

MHP Communications
6 Agar Street
London
WC2N 4HN

Registrars

SLC Registrars
42-50 Hershams Road
Walton on Thames
Surrey
KT12 1RZ

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this document:

“Act” or the “Companies Act”	the Companies Act 2006 of the United Kingdom, as amended;
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time;
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“AIM”	the market of that name operated by the London Stock Exchange;
“Allenby Capital”	Allenby Capital Limited;
“Alloy Rescue”	Alloy Rescue Limited, a subsidiary of the Company, incorporated on 30 November 2012 in England and Wales, with the company number 08314731;
“Articles”	the articles of association of the Company as adopted from time to time;
“Board”	the board of directors of the Company from time to time;
“certificated” or “in certificated form”	a share or other security not recorded on the relevant register of the relevant company as being in uncertificated form in CREST;
“ChipsAway”	ChipsAway International Ltd., a subsidiary of the Company, incorporated on 26 August 1994 in England and Wales, with the company number 02962763;
“ChipsAway Franchisees”	Franchisees who trade under the ChipsAway brand;
“City Code”	the City Code on Takeovers and Mergers (as published by the Panel);
“Company”	Franchise Brands plc, a company incorporated and registered in England and Wales on 15 July 2016 as a public company limited by shares with the registration number 10281033;
“Controlling Shareholders”	Stephen Hemsley and Nigel Wray;
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as the same may be varied or amended;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares;
“Directors”	the directors of the Company, whose names are set out on page 6 of this document;

“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules sourcebook made by the FCA pursuant to Part VI under FSMA;
“Domino’s Pizza”	Domino’s Pizza Group plc (formerly “Domino’s Pizza UK & IRL plc”);
“Dowgate Capital”	Dowgate Capital Stockbrokers Limited;
“DTR 5”	Chapter 5 of the Disclosure Guidance and Transparency Rules;
“Edwin Investments”	Edwin Investments Limited, a subsidiary of the Company, incorporated on 28 July 2003 in England and Wales, with the company number 04847717;
“Enlarged Share Capital”	the issued share capital of the Company as upon Admission comprising the Existing Ordinary Shares and the New Ordinary Shares;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Existing Ordinary Shares”	the 36,514,032 Ordinary Shares in issue at the date of this document;
“FB Holdings”	FB Holdings Limited, a subsidiary of the Company, a company incorporated on 9 September 2008 in England and Wales with company number 06693122 (which was formerly called Franchise Brands Worldwide Limited);
“FB Holdings Group”	the subsidiaries of the Company, being FB Holdings Limited and its subsidiaries ChipsAway, Ovensclean, Oven Clean (Ontario), MyHome, Edwin Investments, Alloy Rescue, DentsAway Limited (Dormant) and Oven Clean Limited (Dormant);
“FCA”	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry;
“Franchise Agreements”	the agreements entered into by the Group and Franchisees pursuant to which the Franchisees are to operate their franchise;
“Franchise Brands Group” or the “Group”	the Company and the FB Holdings Group;
“Franchisee”	a person who operates a Group franchise under the terms of a Franchise Agreement from time to time;
“FSMA”	the UK Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto;
“Fundraising”	the Placing and the Subscription;
“GBP” or “£” or “pence” or “p”	pounds sterling and pence, the lawful currency from time to time of the United Kingdom;
“HMRC”	Her Majesty’s Revenue and Customs;
“IFRS”	international financial reporting standards;
“ISIN”	international security identification number;
“Issue Price”	33 pence per New Ordinary Share;
“Listing Rules”	the Listing Rules made by the FCA under FSMA,
“Loan Note Instrument”	the loan note instrument issued by the Company, further details of which are set out in paragraph 13 of Part IV of this document;

“Lock-in Agreements”	the agreements between the Company and Allenby Capital and Netcap Limited, Sarah Hemsley, James Hemsley and Victoria Hemsley, further details of which are contained in paragraph 11.3 of Part IV of this document;
“Locked-in and Orderly	together, the Directors, Netcap Limited, Sarah Hemsley, James Hemsley and Victoria Hemsley;
“Market Parties”	
“London Stock Exchange”	London Stock Exchange plc;
“Market Abuse Regulation”	the EU Market Abuse Regulation (No. 596/2014);
“MyHome”	MyHome Marketing Limited, a subsidiary of the Group, incorporated on 6 January 2010 in England and Wales with the company number 07117588;
“MyHome International”	MyHome International PLC (in administration);
“New Ordinary Shares”	the Placing Shares and the Subscription Shares
“Official List”	the Official List of the FCA;
“Orderly Market Agreement”	the agreement between the (1) Company, (2) Allenby Capital and (3) Mark Peters, further details of which are contained in paragraph 11.4 of Part IV of this document;
“Ordinary Shares”	ordinary shares of 0.5 pence each in the capital of the Company;
“Ovenclean”	Oven Clean Domestic Limited, a subsidiary of the Company, incorporated on 27 October 2003 in England and Wales with the company number 04944186;
“Ovenclean Franchisees”	franchisees that trade under the Ovenclean brand;
“Oven Clean (Ontario)”	Oven Clean (Ontario) Limited, a subsidiary of the Company, incorporated on 30 May 2012 in England and Wales with the company number 08088685;
“Panel”	the UK Panel on Takeovers and Mergers;
“Placees”	proposed subscribers for Placing Shares at the Issue Price in the Placing;
“Placing”	the proposed conditional placing of the Placing Shares at the Issue Price with Placees pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 1 August 2016 between (1) the Directors, (2) the Company, (3) Allenby Capital and (4) Dowgate Capital relating to the Placing, further details of which are set out in paragraph 11 of Part IV of this document;
“Placing Shares”	the 10,394,561 new Ordinary Shares to be issued by the Company and subscribed for by Placees pursuant to the Placing, conditional on Admission;
“Prospectus Rules”	the Prospectus Rules made by the FCA pursuant to Part VI of FSMA;
“QCA Guidelines”	the Corporate Governance Code for Small and Mid-Size Quoted Companies, as published by the Quoted Companies Alliance;
“Registrar”	SLC Registrars;

“Relationship Agreement”	the relationship agreement dated 1 August 2016 between (1) the Company, (2) Allenby Capital, (3) Stephen Hemsley and (4) Nigel Wray, further details of which are set out in paragraph 8.1.8 of Part IV of this document;
“RIS”	Regulatory Information Service;
“Shareholders”	holders of Ordinary Shares from time to time;
“Subscription”	the proposed conditional subscription of the Subscription Shares at the Issue Price with certain franchisees and employees of the Group;
“Subscription Shares”	the 211,500 new Ordinary Shares to be issued by the Company and subscribed for pursuant to the Subscription, conditional on Admission;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland; and
“VAT”	value added tax.

TECHNICAL GLOSSARY

“ABC1”	AB and C1 socio-economic classification produced by the UK Office for National Statistics;
“ADAS”	advanced driver assistance systems;
“B2B”	business to business;
“B2C”	business to consumer;
“BVRLA”	British Vehicle Renting and Leasing Association;
“BFA”	British Franchise Association;
“CAF”	central advertising fund;
“CPA”	cost per acquisition;
“CRM”	customer relationship management;
“CTR”	click through rate;
“DBS”	Disclosure and Barring Service;
“IMI”	Institute of the Motor Industry;
“ISO”	International Organisation for Standardisation;
“NAF”	national advertising fund;
“PPC”	pay per click;
“QAA”	quality assured award;
“SEO”	search engine optimisation;
“SMART”	small to medium area repair technology;
“SME”	small and medium sized enterprises; and
“VBRA”	Vehicle Builders and Repair Association.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Admission Document	1 August 2016
Admission effective and commencement of dealings in the Ordinary Shares on AIM	8.00 a.m. on 5 August 2016
Expected date for CREST accounts to be credited (where applicable)	8.00 a.m. on 5 August 2016
Despatch of definitive share certificates	by 19 August 2016

All future times and/or dates referred to in this document are subject to change at the discretion of the Company, Allenby Capital and Dowgate Capital and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on RIS. All times are UK times unless otherwise specified.

ADMISSION AND FUNDRAISING STATISTICS

Number of Existing Ordinary Shares	36,514,032
Number of Placing Shares	10,394,561
Number of Subscription Shares	211,500
Number of Ordinary Shares in issue on Admission	47,120,093
Placing Shares as a percentage of the Enlarged Share Capital	22.06 per cent.
Subscription Shares as a percentage of the Enlarged Share Capital	0.45 per cent.
Issue Price	33 pence
Market capitalisation of the Company at the Issue Price on Admission	£15.55 million
Gross proceeds of the Fundraising	£3.50 million
Estimated net proceeds of the Fundraising	£2.86 million
AIM symbol	FRAN
ISIN	GB00BD6P7Y24

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this document and should be read as an introduction to this document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in the document. Any decision to invest in Ordinary Shares should be based on consideration of this document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this document.

The attention of prospective investors is drawn to the information contained in the rest of this document and, in particular, to the risk factors set out in Part II.

- Franchise Brands Group was founded by Stephen Hemsley and Nigel Wray in 2008. It has a network of over 350 franchisees in 12 countries, but predominantly in the UK.
- The Group's three current brands are ChipsAway (mobile car bodywork repairs), Ovensclean (mobile domestic oven cleaning) and My Home (premium residential house cleaning).
- The Board has accumulated substantial experience in the franchising industry including, *inter alia*, Executive Chairman Stephen Hemsley, ex CEO and now Non-Executive Chairman of UK quoted Domino's Pizza, Nigel Wray, a well-known private investor and also early investor in Domino's Pizza and CEO Tim Harris who has over 20 years' experience in the franchising industry.
- The Group is profitable and cash generative. Profit before tax increased 52 per cent. from 2013 to £1.1 million in 2015, with profit before tax as a percentage of turnover also growing from 16 per cent. in 2013 to 25 per cent. in 2015.
- The Group intends to increase its portfolio of franchise brands through acquisitions, focussing on the development of franchise businesses that provide services to individuals and SMEs. Of particular interest to the Group are businesses in the B2C service sector.
- Centralised services include national brand marketing, centralised generation of customer leads, franchisee recruitment (focusing on the quality rather than the quantity of new franchisees), franchisee training and support and IT.
- With the close involvement of Universal McCann, Franchise Brands has developed online marketing strategies that, together with more traditional advertising, have benefitted its franchisees significantly. ChipsAway franchisees received over 227,000 customer leads last year while Ovensclean franchisees received over 48,000 leads, the lower number reflecting the later launch of the central Ovensclean advertising fund.
- It is the intention of the Board to pay dividends as and when the finances of the Company allow.
- The Group is seeking to raise up to £3.5 million which, together with existing resources, will be used to acquire complementary franchise brands, for general working capital purposes and for the repayment of shareholder loans.

PART I

INFORMATION ON THE GROUP

1. Introduction and background

Franchise Brands Group is a group of international multi-brand franchisors with a combined network of over 350 Franchisees in 12 countries, but predominantly in the UK.

The Group's current brands are ChipsAway, Ovenclean and MyHome, all of which deliver services to individuals of a similar socio-economic group through the Group's Franchisees. The Group does not currently have any corporately owned franchises.

The business of the Franchise Brands Group was founded in September 2008 by Stephen Hemsley (Executive Chairman) and Nigel Wray (Non-Executive Director), the Group's principal shareholders, who have substantial experience in franchising. Their vision for the Group was to create a group of complementary franchise businesses that could benefit from sharing the same central services, thus allowing the management of these businesses to focus on expanding their networks, and supporting their Franchisees to grow their businesses. The founders' vision also incorporated their strongly held belief that a franchise business can only be reliably and successfully expanded if the unit level economics are viable at the Franchisee level and Franchisees are able to build profitable businesses with the support of the franchisor.

Since 2008, the Group has developed central services predominantly in the areas of marketing, franchise recruitment and franchise support. The Directors believe the Group's central services are sufficiently well established that the Group is able to acquire some new franchise brands without significantly increasing the central overhead. The Directors also believe that this model could allow some reduction of overheads in some franchise businesses acquired in the future.

The Group's strategy is to focus on the development of franchise businesses that provide services to individuals and SMEs. The execution of this strategy is intended to be achieved in three ways:

- expand the size of the franchise network for the existing brands through the sale of new franchise territories;
- assist Franchisees who wish to grow their businesses through central marketing and business development support; and
- increase the portfolio of franchise brands through the acquisition of franchise businesses which could benefit from the Group's established central services. Of particular interest to the Directors are businesses in the B2C service sector.

The Directors believe that the market for the Group's services is substantial and has potential to grow and that the Group's principal franchise brands benefit in their respective sectors through the quality of the services provided.

The Group has an experienced management team and a Board with substantial experience of franchising, operating and growing profitable businesses and identifying acquisition targets.

The Group is profitable and cash generative. Profit before tax has increased from £0.7 million in 2013 to £1.1 million in 2015, an increase of 52 per cent. over the period. Profit before tax as a percentage of turnover has also grown from 16 per cent. in 2013 to 25 per cent. in 2015. This has resulted from a combination of an improvement in the quality of income and a reduction in the overhead necessary to support the franchise system.

The Group is seeking admission to AIM in order to provide it with access to financial resources which should enable it to acquire new businesses and to help meet its strategic objectives.

The Group is seeking to raise up to £3.5 million (before expenses) through the Fundraising, the net proceeds of which will be used for the purposes set out in paragraph 19 below, including to assist with the Group's growth through acquisitions.

2. Background and history of the Group

The Company was established on 15 July 2016 to be the parent company of the Group.

The origins of the Group derive from its acquisition in September 2008 of the subsidiaries of MyHome International. MyHome International was incorporated in 2000 and its strategy was to establish itself as an international multi-brand franchising operation through organic growth and acquisitions. Following a series of acquisitions, it was admitted to trading on AIM on 29 December 2006.

After its admission to trading on AIM, MyHome International continued its expansion, primarily through acquisitions. In particular, it acquired ChipsAway (via the acquisition of Edwin Investments Ltd) in November 2007, part funded by debt. However, MyHome International was unable to support the level of repayments on the debt and in September 2008 administrators were appointed. Franchise Brands acquired the business shortly thereafter, which included ChipsAway and Ovenclean, as well as MyHome.

The Directors believe there were multiple reasons for MyHome International's failure, including failures of directors and management; too high a focus on start-ups and fledgling brands; over payment for acquisitions; and insufficient cash flow from the established brands to service payments on debt.

In 2010, Franchise Brands assigned the MyHome brand licence agreements to a newly-formed company, MyHome Marketing Ltd, in a 50:50 joint venture with two of the backers of the original buyout by Franchise Brands who were previously involved with ChipsAway. At the time, the Group wished to focus on developing further the ChipsAway and Ovenclean brands and investing in the central services. In September 2015, the Group re-acquired the outstanding 50 per cent. interest as the joint venture had limited success in developing this business and the Group was unable to fully review the potential for a full re-launch. Following the acquisition, the Group has undertaken initial analysis and market testing in respect of the MyHome customer proposition and Franchisee business model and is in the process of test marketing the offering prior to a possible full re-launch.

Since 2010, and in particular following the appointment of Robin Auld as Group Marketing Director, Franchise Brands has focused on developing central services in the areas of marketing, franchise recruitment and franchise support. The management team of Franchise Brands was strengthened by the promotion of Tim Harris from Franchise Director to CEO in 2012.

In the latter half of 2014, the management team was further strengthened by the appointment of Julia Choudhury as Corporate Development Director. This has resulted in the Group increasing its profile in the franchising industry through marketing and promotional activities and actively seeking acquisitions. In May 2016, Andrew Mallows was appointed as Finance Director. Andrew has considerable franchising and commercial experience from his roles as Financial Controller, Finance Director and Business Development Director at Domino's Pizza over a ten-year period during which he reported to Stephen Hemsley.

3. The franchise model

The Group, as the franchisor, licenses the brand and intellectual property to the Franchisee who trades under the relevant individual franchise brand. The standard Franchise Agreement provides that each Franchisee pays an initial franchise fee to the franchisor and an on-going license fee for the use of the brand, the retention of the territory and continued franchise and technical support and marketing. Each Franchisee is contracted to purchase certain products from the Group in order to perform the service provided to customers.

Franchisees are awarded the right to operate one of the Group's franchise brands in geographically-defined territories on a non-exclusive basis. The Group uses third party software to divide the UK into franchise territories for each of its brands, which are determined by reference to population size and demographics. In the opinion of the Directors, this methodology has identified appropriate territories and territory sizes for each individual brand consistent with the relevant business model. Territories are identified by postcodes.

Each Franchisee enters into a Franchise Agreement which grants the Franchisee the right to trade under the relevant brand for a five-year term. Subject to the Franchisee having substantially observed and performed the terms of the Franchise Agreement (and certain other conditions), the Franchisee can choose to renew the agreement for a further term. There are post-termination provisions in the Franchise Agreement such as non-compete and passing off restrictions and the Group takes action where necessary. The

franchisor can only decline to renew or terminate on grounds set out in the Franchise Agreement which includes, amongst other things, non-performance and reputational damage.

Through its central services team, the Group supports each Franchisee with comprehensive initial training, support at launch including business mentoring, follow up training where relevant, as well as ongoing support and business development for the term of the franchise. The Group also seeks to ensure the Franchisees adhere to the relevant brand standards in the Franchise Agreement. This is achieved through the active monitoring of complaints that may be received, the Group's internal monitoring processes, quarterly mystery shopping carried out on a sample of Franchisees by a third party agency, and additional Franchisee training as needed.

4. ChipsAway

Initially developed in the US by two individuals, ChipsAway was launched in the UK in 1994. It provides services now commonly referred to in the automotive repair industry as "SMART" repairs. SMART stands for Small to Medium Area Repair Technology and relates to smaller scale repairs such as bumper scuffs, paintwork scratches, minor dents and kerbed alloy wheels. Often these repairs can be carried out without re-painting the entire panel or wheel and can therefore be carried out on a mobile basis.

ChipsAway is the most recognised SMART repairer in the UK and has 225 Franchisees operating throughout the UK.

The Group has a presence with ChipsAway in 10 countries outside the UK through master franchise or licence arrangements in Austria, Brazil, Chile, Greece, the Republic of Ireland, Netherlands, Russia, Saudi Arabia, Spain and Ukraine. The Group evaluates the opportunity to expand the international network through the awarding of master franchise arrangements on a reactive basis.

ChipsAway Franchisees are able to come to the customer's home or workplace, completing repairs from liveried vehicles which are equipped as mobile workshops. Pricing is competitive when compared to that of a typical body shop.

The ChipsAway business model is highly scalable. In the UK, the Group currently has 22 Franchisees that have purchased more than one territory and 26 Franchisees who operate CarCare Centres or multi-van operations. CarCare Centres are fixed site workshops with additional equipment which enable greater throughput of vehicles and also allow larger paint and dent repairs to be carried out than Franchisees can undertake on a mobile basis. CarCare Centres currently operated by Franchisees range in size from 1,200 square feet to just under 11,000 square feet.

The Directors believe that total UK system sales for ChipsAway (the combined annualised revenue of all the ChipsAway Franchisees) is in excess of £15 million.

ChipsAway is the brand leader in its sector in the UK with prompted brand awareness nearly 10 times higher than that of its nearest competitors. It also has regular national TV advertising campaigns which have run since 2009. TV advertising has been made possible through the National Advertising Fund (NAF) and the experience of the Group's marketing team. Further details on the NAF and the Group's marketing activities are set out in paragraph 7 below.

The business model the Group provides to prospective new Franchisees demonstrates how turnover of £75,000 per annum and operating profits of £45,000 per annum can be achieved by the second year of trading. The business model assumes Franchisees carry out 2.2 jobs per day, 20 days per month (which allows for seasonality, winter being quieter) and an average repair value of £140. These figures can be exceeded by working longer hours, carrying out additional jobs per day and by developing multi-van and CarCare Centre operations. By way of example of the potential scalability of the business model, the largest ChipsAway Franchisee has turnover of over £500,000 per annum.

Franchisees are provided with comprehensive initial training and on-going support and development to help them build successful and profitable businesses. ChipsAway Franchisees complete four weeks of initial training at the Group's IMI QAA-accredited training facility based in Kidderminster. The training incorporates a comprehensive two day sales and marketing programme provided by third-party trainers. An advanced

paint and dent training course is provided after the first three months of trading during which further assessment and accreditation takes place.

Each new ChipsAway Franchisee is provided with a territory which has approximately 20,000 to 30,000 cars owned by ABC1 households. On completion of training, each new ChipsAway Franchisee is issued with an initial quantity of equipment, paints and materials that they will require to undertake a ChipsAway repair. These are sourced by the Group and thereafter Franchisees can purchase additional equipment or products, paints, lacquer and consumables from the Group via its online ordering portal. All product prices are regularly compared to the market by the Group to ensure that they are competitively priced.

A CRM system was introduced to ChipsAway Franchisees in late 2011 and 2012. The Directors believe that the cloud-based system, which can be used on IOS and Android mobile operating systems, provides for cost effective centralised data capture, storage and analysis. Franchisees receive leads direct to a tablet or smart phone from enquiries received from the Group's central call centre and website. An online booking system is scheduled to be piloted later in 2016, and subject to being successful, will be rolled out to new and renewing ChipsAway Franchisees during 2017. The system can be modified for the Group's other brands as appropriate.

The standard ChipsAway Franchise Agreement provides that each Franchisee pays an initial franchise fee to ChipsAway, currently £29,995. The franchise fee for ChipsAway is considerably higher than the Group's other brands because it includes a comprehensive range of products, equipment and materials for the initial period of trading. In addition to the initial franchise fee, the Franchise Agreement provides for a number of ongoing monthly fees as follows:

- a license fee of £550 in year 1, £595 in year 2 and £650 in year 3 and in each year thereafter;
- a supplemental license fee of 10 per cent. of monthly gross revenues less the license fee;
- a NAF fee of £160;
- a supplemental NAF fee of 2 per cent. of monthly gross revenues less the fixed NAF fee; and
- a IT support fee of £25.

The combined effect of the monthly license fee and the supplemental license fee ensures that Franchisees make a monthly payment to the Group equivalent to 10 per cent. of their turnover plus their additional NAF contribution.

ChipsAway seeks to maintain the highest possible automotive industry standards. It is a member of the VBRA and the BVRLA and operates an IMI QAA approved training centre from which Franchisee training is carried out.

ChipsAway has been a full BFA member since 2004.

5. Ovensclean

Ovensclean was launched in 1994, and its network currently stands at close to 100 Franchisees operating across the UK. The Directors believe that total system sales for Ovensclean are approximately £5 million per annum.

Ovensclean Franchisees are able to clean all domestic oven brands and models, including electric ovens, gas ovens, ranges, microwaves, hobs and extractor fans, and also barbecues. All removable components such as racks and other removable parts are cleaned using specialist equipment in the equipped Ovensclean liveried vans. Ovensclean employs a no added caustic system which has been assessed and approved to ISO 14001. This helps ensure customers benefit from a safe and hygienic environment whilst Ovensclean specialists carry out a professional oven clean.

Ovensclean is a "milk round" business where the aim is to establish a stable base of individual customers who have, on average, two cleans per annum which can be diarised ahead of time. The typical price of a standard double oven clean is £65. Additional revenue can be achieved by Franchisees through up-selling cleans for hobs, microwaves, extractor fans, barbecues, etc, as well as providing one-off services for additional customers such as "end of tenancy" cleans.

The business model the Group provides to prospective new Franchisees demonstrates how turnover of £50,000 per annum and operating profits of £32,000 per annum can be achieved by operating one van, carrying out 2-4 cleans per day (which reflects seasonality) and charging the standard £65 rate per clean. These figures can be exceeded by up-selling additional services, carrying out additional cleans and by adding additional vans and staff. Each new Ovensclean Franchisee is given a territory which includes approximately 20,000 to 30,000 ABC1 households.

The Group established an international presence in Canada in 2012 through a master franchise agreement for Greater Toronto and Ottawa. While the Directors believe there is further potential to expand Ovensclean's international presence through the awarding of master franchise arrangements, the current priority is to expand further the UK network.

New Ovensclean Franchisees benefit from a comprehensive two-week training programme in the field with established Ovensclean trainers. The Ovensclean trainers are experienced Franchisees appointed by the Group to provide new starters with intensive in-field training on all aspects of the oven cleaning process, operational set up, local marketing activities, lead handling, customer conversion, customer follow up and practical territory management. This practical in-field experience is supplemented by a Head Office programme which includes a tailored sales and marketing course and a health and safety induction.

A Central Advertising Fund (CAF) was established in 2012 and increased in scope and size in 2015 to incorporate TV advertising for the first time. A central, rather than national fund, was created for the Ovensclean network due to the more regional nature of its coverage compared to the ChipsAway network and advertising is scheduled accordingly. Further details of the CAF and the Group's marketing activities are set out in paragraph 7 below.

The standard Franchise Agreement provides that each Franchisee pays an initial franchise fee to Ovensclean, currently £14,995, and ongoing monthly fees as follows:

- a license fee of £175 in year 1 and £300 in each year thereafter; and
- a CAF fee of £80.

Ovensclean has been a full BFA member since 2015.

6. MyHome

MyHome is a residential cleaning management franchise offering a premium service at a correspondingly higher pricing point.

MyHome's first franchise business was originally set up by Unilever in 2000 during a phase of creating channels to bring its brands to market. Residential cleaning services were identified by Unilever as a natural target for cleaning and detergent products and it created the "myhomeclean" franchise to provide home services such as residential cleaning, dry-cleaning and carpet care.

During the process, Unilever took over an existing business and invested £6.5 million over a period of 18 months. It carried out extensive time and motion research studies and market research, as well as setting up business, operational and training systems. This research culminated in the Tri-Colour™ System whereby each home is divided into three different coloured zones, each zone having a distinct number of steps to the cleaning process to ensure hygiene, efficiency and consistency. There are a total of 12 steps within the Tri-Colour™ System, which is designed to deliver a significantly superior clean compared to competitors.

In 2001, Unilever disposed of its home cleaning division to Chores Group plc, which changed its name to MyHome International in 2004. By this stage, a further investment in the business had been made and MyHome International had commenced the sale of its initial franchises. At the time MyHome International went into administration, there were over 70 franchisees generating total system sales of over £7.5 million, however, most of these had terminated their franchises by the time the Group entered into its MyHome joint venture in 2010.

Following the buy-out of the previous joint venture partner in September 2015, the Group has undertaken initial analysis and market testing of the MyHome customer proposition and Franchisee business model and is in the process of test marketing the offering prior to a possible full re-launch. The Directors believe that

the underlying proposition remains strong, but are cautious in committing to a full re-launch because of the potential damage done to the MyHome brand name by relatively recent failures.

MyHome currently has two Franchisees and one licensee, of which one Franchisee has been trading successfully for over eight years. In addition, one deposit has been secured from a prospective Franchisee who is expected to start trading in the autumn of 2016.

7. The Group's central services

The vision of the Group's founders when it was established was to create a group of complementary franchise businesses that could benefit from sharing the same central services, thus allowing the business owners to focus on expanding their networks, and supporting their Franchisees to grow their businesses. The Group's central services include marketing, franchise recruitment and franchise training and support.

Marketing

The marketing department is overseen by Robin Auld. The principal responsibilities of the marketing department are brand marketing and franchise recruitment marketing. Brand marketing helps deliver potential customers to the Group's individual brands and franchise recruitment marketing helps recruit new Franchisees.

Due to the knowledge and experience of the marketing department in the franchising industry, the team is able to develop what the Directors believe are effective marketing programmes that continually evolve to help ensure maximum reach, effectiveness and return on investment. The Group's marketing department works with Universal McCann, which is one of the world's top media agencies.

Brand marketing

Each of the Group's Franchisees trades under the relevant brand and are required to use liveried vehicles and Group or Group-approved marketing materials.

National marketing and advertising campaigns are undertaken by the Group's central marketing team which are funded by a contribution from all Franchisees as set out in the relevant Franchise Agreement. The Group established a NAF for ChipsAway Franchisees in 2008 and a CAF for Ovenclean Franchisees in 2012. The national status of the ChipsAway fund reflects the nationwide coverage of the brand whereas the Ovenclean network is more regional.

The Group's Franchisees contribute to, and benefit, from these co-operative marketing funds and they are not a source of revenue or profit to the Group. Locally, Franchisees market their services at their own cost through local media, newspapers and magazines, leafleting, websites, social media and local networking, which supplements the Group's marketing activity.

The Group's marketing department uses the strength of ChipsAway in its sector to further increase market share by investing in a range of media. The NAF has invested in TV advertising in the UK for ChipsAway since 2009 across various channels such as Sky News, the History Channel, Dave and the Discovery Channel. The CAF has enabled Ovenclean to advertise on TV since 2015. Ovenclean advertises on ITV and Sky channels such as GoodFood, ITVBe, Sky Living, Watch and The Food Network.

Universal McCann measures and tracks the impact and effectiveness of every TV spot with the objective of ensuring a positive and improving return on investment. Daily lead figures are sent to Universal McCann who then compare them against TV spot times. As a result, they are able to adjust the media schedule to optimise the response rate in respect of both quality and quantity of leads delivered to Franchisees.

The Group continues to invest in marketing through traditional media (e.g. national newspapers) but invests more substantially in digital marketing, which includes Google optimisation, PPC, fully optimised website, personal web pages and national social media campaigns.

The Group analyses customer data, including socio-economic profiles, to create valuable insights that can be factored into future marketing campaigns.

The Group's Franchisees benefit from central brand marketing activities. For example, in 2015 ChipsAway Franchisees received over 227,000 consumer leads and Ovensclean Franchisees received over 48,000 consumer leads from both central and local brand marketing activities.

Franchise recruitment marketing

The other principal function of the Group's marketing department is franchise recruitment. The team is responsible for providing the Group's individual brands with a sufficient quality and quantity of leads that can be qualified through each stage of the recruitment process.

Marketing sources for prospective new Franchisees include newspapers, PPC advertising, the website and email campaigns. The impact and the effectiveness of the marketing expenditure is reviewed and measured constantly in conjunction with Universal McCann and adjustments are made as and where required.

Franchise recruitment

The Group has a well-established franchise recruitment capability and regularly recruits over 50 new Franchisees per annum.

The franchise recruitment process for ChipsAway and Ovensclean is similar. Once a lead has been generated by the marketing department and an information pack has been distributed, a qualification process takes place over the telephone to enable the Group to focus on the highest quality leads. Prospective Franchisees are then invited to an open day which takes place at the Group's office where they can meet the team and evaluate the franchise opportunity. The open day also gives the Group's management team the opportunity to assess whether the prospective Franchisee would be a good fit for the relevant brand. Open days take place on an almost weekly basis at the Group's office in Kidderminster.

In 2015, the marketing department generated 2,079 leads for ChipsAway and 1,307 leads for Ovensclean resulting in the distribution of an information pack to each potential Franchisee. In 2015, the Group sought a deliberate re-balancing towards quality, rather than quantity of lead, for ChipsAway and Ovensclean. Improved marketing efficiencies have been achieved by attracting a smaller number of highly targeted leads.

The Directors believe the Group's franchise recruitment function will be important to franchise brands that are acquired by the Group, as a common difficulty of franchisors is generating the quantity and quality of Franchisee leads necessary to grow their businesses.

The Group expects a certain amount of churn within its franchise networks, in particular ChipsAway and Ovensclean, as the majority of Franchisees are mobile operators. Typically, mobile operators are the individuals who are performing the service itself and after a period of time may decide not to renew their Franchise Agreement because they seek new variety in their day to day work. Additionally, Franchisees leave the Group due to financial performance, ill health, a change in personal circumstances and non-compliance with brand standards. In 2015, 48 ChipsAway Franchisees and 32 Ovensclean Franchisees left the Group. When a Franchisee leaves the Group, it provides an opportunity for the franchise territory to be sold to a new individual.

Franchise support

The Group provides comprehensive support to all new Franchisees pre- and post-launch. The six person central team provides support to all franchisees on all aspects of their business. This includes technical, sales and marketing and general support to help the Franchisees meet their targets. The support is tailored to the requirements of each Franchisee.

Franchisees can also access the Group's intranet sites, which are a repository of information on technical matters, marketing and health and safety. The Group also communicates regularly with Franchisees via regular email communications and Franchisees can communicate with, and learn from, each other via the "chat rooms" that the Group provides on their behalf.

National accounts

The Group has developed a number of affiliates and national accounts for ChipsAway Franchisees to more effectively generate fleet work. These include BT Fleet, ATS Euromaster, Kwik Fit GB Ltd, First Choice Parking Ltd and Paragon Fleet Solutions.

Fleet managers benefit by using ChipsAway as an outsourced SMART repair provider, reducing off-road time for vehicles and courtesy car costs. ChipsAway provides an online portal for the benefit of national account fleet managers and authorised company car drivers. The car driver can use the portal to request a repair and the fleet managers can view detailed estimates, including photographs of the damage, in order to approve it. Once a repair has been approved, the driver is able to use the portal to monitor the progress and timing of the repair. Fleet managers have visibility at all times in respect of the total cost and the status of each repair.

CRM system

A CRM system was introduced to ChipsAway Franchisees in late 2011 and early 2012. The Directors believe that the cloud-based system, which can be used on IOS and Android mobile operating systems, provides for cost effective centralised data capture, storage and analysis. Franchisees receive leads direct to a tablet or smart phone from enquiries received from the Group's central call centre or the relevant brand website. An online booking system is scheduled to be piloted later in 2016, and subject to being successful, is expected to be rolled out to new and renewing ChipsAway Franchisees during 2017. The system can be modified for the Group's other brands as appropriate.

8. Market background

The size and reach of franchising in the UK has grown considerably over the past 20 years. According to the BFA/NatWest Franchise Survey 2015, the contribution of franchising to the UK economy is now £15 billion, an increase of 46 per cent. over the past 10 years and an increase of 10 per cent. since 2013.

Other key findings of the BFA/NatWest Franchise Survey were:

- The number of active franchise systems has grown from 396 in 1993 to 901 in 2015.
- The two largest categories by number of franchise systems are currently Personal Services and Property Services:
 - Personal Services includes the market for children's services and activities, lifestyle services and pet care. The category includes 234 franchise systems.
 - Property Services includes domestic cleaning and other domestic services as well as estate agents. The category includes 211 franchise systems.
- The sector which has shown the biggest growth in the number of outlets since 2000 is Personal Services which has grown from 114 to 234 franchise systems.
- The number of franchisee-owned businesses has grown by 14 per cent. to 44,200 in the last two years.
- 29 per cent. of franchisees run multiple units.
- 80 per cent. of the franchise systems are UK owned and run. This is a complete turnaround from the early days of the industry when the majority were imported from the US via master franchise arrangements. 38 per cent. of franchisors operate outside of the UK.
- 49 per cent. of franchisees who launched their business in the last two years or less were between the ages of 41-50 when they did so.

One of the benefits of franchising is that there is a much lower failure rate than other new businesses which the Directors believe is due to the fact the business model being proven and the franchisee provided with a range of central support to launch and grow the business. According to the BFA/NatWest Franchise Survey 2015, 97 per cent. of franchised businesses are profitable.

9. The Market for the Group's services

Customer demographics

The Group profiles potential customers for ChipsAway, Ovensclean and MyHome using geo-demographic classifications provided by a third party which segments the UK population through the analysis of demographic data, social factors and consumer behaviour. The analysis provides an understanding of consumers' lifestyle, behaviour and attitudes and can assist with more effective customer targeting and communication.

The market for the Group's services is broadly similar and extends to senior executives, affluent professional families, comfortable suburban families, mature and retired households, as well as younger people in the earlier stages of their careers with above-average incomes.

ChipsAway

The market for SMART repairs is substantial. There were 35 million cars in the UK in 2013 and market research carried out by YouGov shows that 61 per cent. of cars have minor damage which is the type of damage that could be repaired by ChipsAway Franchisees. Market research shows that 47 per cent. of people have had their car damaged whilst the car is stationary in a car park and this is the most commonly cited cause of minor damage.

Thatcham Research, the motor insurers' automotive research centre, believe that ADAS will increase the scope for the volume of repairs classified as SMART repairs. Thatcham Research estimate that repair volumes for SMART repairs will increase following the introduction of ADAS as medium and severe damage repair volumes will correspondingly decrease as a result of lower collision speeds. The combined effect of this is predicted to be an increase in the market size of small area repair technology from £1.7 billion to a potential £4 billion market.

ChipsAway Franchisees are well placed to acquire and retain customers seeking minor automotive paintwork repairs given the strength of the ChipsAway brand. Market research from YouGov shows ChipsAway's prompted brand awareness was nearly 10 times that of the nearest competitors.

The SMART market is substantial and highly fragmented. There are a number of franchised competitors operating in the SMART repair sector including *Revive*, *Car Medic* and *Flying Colours*. Other competitors include non-franchised brands who offer services on a mobile basis, such as *Auto Restore*, as well as body shops who carry out SMART repairs.

Ovensclean and MyHome

The UK market for domestic services is substantial and has experienced strong growth over the past few years. There were 27 million households in the UK in 2015. According to a recent survey by esure, one in three households now employ someone to help with domestic chores – including cleaning, gardening, handymen and window cleaning – and spend an average of £127 per month which equates to over £26 billion per annum. Approximately 4.7 million people in the UK employ a cleaner, a marked increase of 24 per cent. compared to 2011. Almost twice as many people under the age of 35 have a cleaner compared to those over 35. The desire to have a professional clean (33 per cent. of people), working long hours (18 per cent. of people) and a busy social life (23 per cent. of people) were the top three reasons for hiring a cleaner.

A number of franchised competitors offer oven cleaning services including *OvenU*, *Ovenwizards*, *Ovengleaners* and *Cookerburra*. Non-franchised competitors also operate in the retail market offering specialist oven cleaning services and/or oven cleaning services as part of a wider cleaning offering.

There are a number of franchised brands offering a professional managed cleaning service to end customers. These include *Molly Maid*, *Merry Maids*, *Bright and Beautiful* and *Daily Poppins*. There are also a number of franchise brands operating an agency model where cleaners are matched with end customers. These include *Time For You*, *Maid2Clean* and *Diamond Home Support*. The market for residential cleaning is also served by a large number of non-franchised companies and by individuals offering cleaning services in a particular locality. Finally, a number of internet-based companies have entered the market recently offering cleaning as well as other domestic services. Examples of these include *Task Rabbit*, *Bizzby*, *Hassle* and *Mopp*.

10. Strategy and objectives

The Group's strategy is to develop franchise businesses that provide services to individuals and SMEs. In addition to marketing the Group's services to new potential customers, the Group also aims to cross-sell its services and has a central database of over 700,000 customers, including individuals who have enquired about ChipsAway and Ovenclean's services since the CRM system was developed in 2011. Under the terms of the Franchise Agreement, the Group owns the customer database and the rights to use this.

The execution of this strategy is expected to be achieved in three ways as follows:

1. **Sale of new Franchise territories:** The Group aims to expand the size of the franchise network for its existing brands predominantly through the sale of new franchise territories. The Directors believe that there is considerable scope to grow ChipsAway and Ovenclean by expanding into currently unserved geographic areas and by splitting existing franchised areas where customer enquiries are not being adequately serviced at present.
2. **Growth of existing Franchisees' businesses:** The Group supports existing Franchisees who wish to grow their businesses, in particular through central marketing and business development support, bringing a benefit to Franchisees and increased revenue to Franchise Brands. In particular, the Group supports ChipsAway Franchisees who indicate that they want to develop into a "Car Care Centre".
3. **Acquisition of new Franchise businesses:** The Group intends to increase its portfolio of franchise brands through acquisitions. It is the Group's strategy to focus on the development of franchise businesses that provide services to individuals and SMEs. The Group is interested in businesses in the B2C service sector which can be sold to customers of a similar socio-economic profile to the Group's existing brands. The Group is also interested in franchise businesses which provide services to small businesses where the marketing of these services is predominantly B2C rather than B2B. The rate of expansion by acquisition will be measured, as the Group wishes to take time to fully integrate acquired businesses before embarking on the next transaction, and there can be no certainty of when the Group may make any such acquisitions, if at all.

The Group is actively targeting brands which it deems to be successfully established but where the Directors anticipate that there is significant potential to grow the number of franchisees and / or the turnover of the existing franchisees. The Group considers it is very unlikely that start-ups or early stage franchise systems will be considered unless they are "bolt-ons" to existing brands.

The target franchise system universe for Franchise Brands is broadly the network categories as defined in the BFA/NatWest Survey 2015 of between 21-199 units, which showed a total of 274 businesses. Start-ups or very early stage franchise businesses, where the business model is unproven, are expected to be out of scope. Brands in excess of 500 units are generally in the food or drinks sector and will also not form part of the Group's target market.

The Group will take a selective approach to acquisitions. As well as carefully reviewing the franchisee unit level economics to determine if they are established, scaleable and compelling for the franchisee, the Group will assess the existing management carefully to ensure that the Directors believe that their culture, values and philosophy with respect to franchising, are a good fit with Franchise Brands. The Group intends to ensure that any acquisitions will be made at a measured pace.

Whilst the Group has master franchisors or licensees in 11 countries outside the UK, in Europe, the Americas and Middle East, its main focus is the UK. However, the Group plans to develop internationally in due course, possibly through the acquisition of franchise businesses with international operations.

11. Directors, management and employees

Directors

The Board currently consists of eight Directors who, between them, have substantial experience of franchising. The Directors also have considerable experience of operating and growing profitable businesses and of investigating acquisition targets.

Stephen Hemsley, aged 58 – Executive Chairman

Stephen qualified as a Chartered Accountant in 1982 and in 1984 joined the venture capital company 3i, rising to the position of Investment Director. In 1998 he joined the then private company Domino's Pizza as Finance Director, leading them to an IPO on AIM in 1999. Subsequently as CEO he led the business through

a period of growth. During his 18-year association with Domino's Pizza, Stephen has taken the company from a market capitalisation of £25m to around £1.8 billion and membership of the FTSE 250 Index and from around 100 to over 900 stores across the UK, Ireland and Europe. He currently holds the position at Domino's Pizza of Non-Executive Chairman. He was appointed as a Director of the Company on 15 July 2016.

Tim Harris, aged 52 – Chief Executive Officer

Tim is a seasoned Franchise professional with 20 years' experience of successfully developing automotive, commercial and domestic franchise brands in both international and UK markets. Formerly Sales Director at Franchise Brands, Tim was appointed CEO and a director of FB Holdings in 2012 and has led the brands through a period of increased profitability and international reach, with Master Franchises opened in the Americas and across Europe. Prior to joining the Group, Tim held senior sales positions at a number of companies including Autosheen, Pitman Training and Jani-King. Tim joined the Group in 2008. He was appointed as a Director of the Company on 15 July 2016.

Andrew Mallows, aged 46 – Finance Director

Andrew has spent his finance career in the consumer sector and has particular experience in franchising. He was Finance Director of Domino's Pizza during the period 2001 to 2004, having taken over that role from Stephen Hemsley when he was promoted to CEO. Prior to that he was Financial Controller having originally joined Domino's Pizza in 1996. In 2004, Andrew was appointed Business Development Director of Domino's Pizza with responsibility for the property, franchise sales and foodservice division of the company. The early part of Andrew's career was as an accountant for Trusthouse Forte and Commercial Manager for Welcome Break. Since leaving Domino's Pizza Andrew has fulfilled his long held ambitions in agriculture. Andrew joined the Group and was appointed Finance Director of FB Holdings Limited in May 2016. He was appointed as a Director of the Company on 15 July 2016.

Julia Choudhury (née Ball), aged 49 – Corporate Development Director

Julia has over 25 years of commercial, finance and investment experience. Her early career was spent in Corporate Finance at BZW predominantly in mergers and acquisitions and equity financing. Between 1993 and 1997 she was Product Development Manager and subsequently Assistant Director at BZW Investment Management. In these roles she oversaw the structuring and launch of a number of specialist funds. In 1997, Julia joined AXA Investment Managers as Strategic Development Director. Following a year's secondment to Paris as Deputy Head of the AXA Group's Strategy Group, she was appointed Head of Marketing, Head of Retail, and latterly Managing Director of AXA Investment Manager's UK operation. Julia joined the Group in 2008 and has been a director of FB Holdings since the first few months after incorporation and has a particular focus on corporate development, which includes acquisitions. She was appointed as a Director of the Company on 15 July 2016.

Robin Auld, aged 43 – Marketing Director

Robin has a successful track record of consumer marketing success over nearly 20 years. He is best known for his work at Domino's Pizza. As Head of Marketing and then Sales and Marketing Director, working closely with Stephen Hemsley, Robin guided the brand through a period of growth during the period 2004 to 2010. Managing a budget of £18 million, he was responsible for Domino's Pizza highly successful sponsorship of "Britain's Got Talent" and the early growth in e-commerce revenues. Prior to joining Domino's Pizza, Robin had a senior role at a WPP group agency working with a range of blue chip clients and prior to that was Senior Brand Manager at Carlsberg-Tetley UK. More recently Robin has also worked as Head of Marketing for Topps Tiles helping to reposition and re-launch the brand. Having joined FB Holdings Group as group marketing director in 2010, Robin established consumer marketing campaigns for the brands, generating increases in demand and raising brand awareness. He was appointed as a Director of the Company on 15 July 2016.

Nigel Wray, aged 68 – Non-Executive Director

Nigel is an entrepreneurial investor in both public and private companies. He is a former director and significant shareholder in Carlton Communications plc, Singer & Friedlander plc and Domino's Pizza and a former director of Burford Group plc and Networkers International plc. Currently he is a substantial shareholder and director at Prestbury Investment Holdings Ltd and a director at Chapel Down Group plc and many other companies. He is also the chairman and co-owner of Saracens Rugby Club. He is a significant investor in a wide ranging number of AIM quoted companies including Avingtrans Plc, Alliance Pharma plc, Rotala plc, Hunters plc, Tekcapital plc, Reach4Entertainment Enterprises plc and MXC Capital

plc, as well as a number of private companies in the domiciliary care, computer network solutions, engineering, hotel and restaurant sectors. He was appointed as a Director of the Company on 15 July 2016.

David Poutney, aged 63 – Non-Executive Director

David started his career with Midland Bank PLC before becoming a number one Extel ranked Financials Analyst from 1986 at a number of leading firms including BZW, James Capel & Co and UBS. In 1996 he joined WestLB Panmure as Head of the UK Banks team before moving to a formal Corporate Marketing role. From 2001 to January 2016 he was Director and Head of Corporate Broking at Numis Securities Limited during which time he helped establish Numis as a leading institutional stockbroker and corporate advisor to companies on both AIM and the main market. Between May 2014 and February 2016 he was an Executive Director of Numis Corporation plc. In his 20 years as a corporate broker, David was involved in the listings of over 30 companies and advised many through extended periods of growth. In particular, he advised Domino’s Pizza from 2002 to January 2016. David was recently appointed a Non-Executive Director of Be Heard Group plc. He was appointed as a Director of the Company on 15 July 2016.

Rob Bellhouse, aged 52 – Non-Executive Director

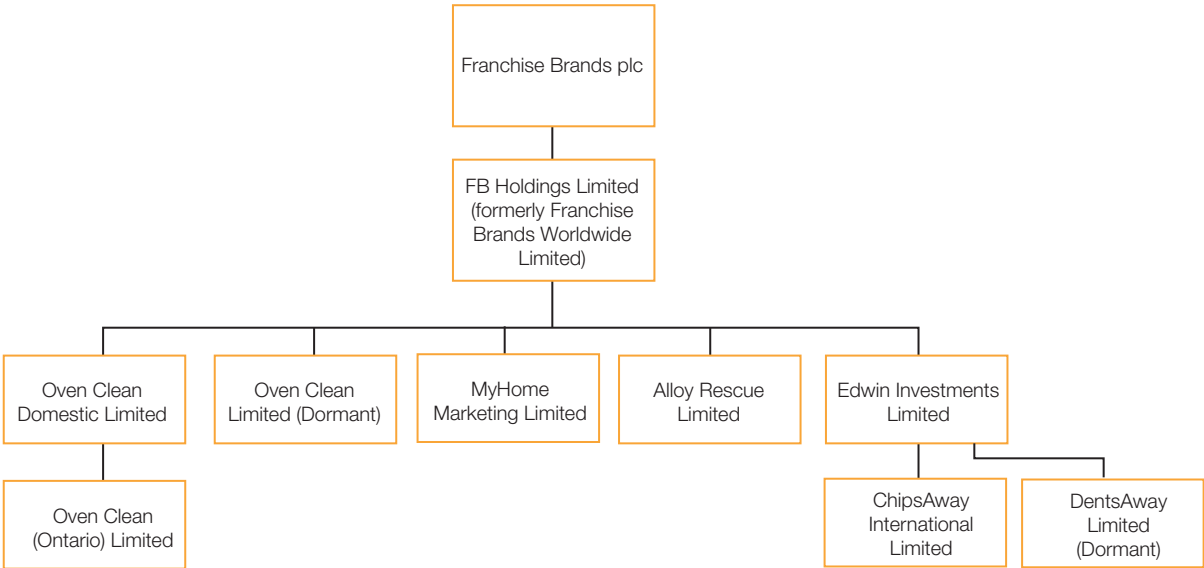
Rob is an experienced Company Secretary with strong commercial experience gained over a period of 30 years of working with primarily quoted companies. He was most recently interim Company Secretary at Domino’s Pizza where he was responsible for all board, governance, risk management and compliance activities. Between 2003 and 2015 he was Company Secretary of Lonmin plc, accountable for all board, governance, compliance and legal issues, the design and implementation of the group’s ethics programme and management of the share plans. Prior to 2003, he was Assistant Company Secretary of four FTSE 250 companies and a privately owned business. Rob is a member of the ICSA Company Secretaries’ Forum, the Shareholder Voting Working Group and a former member of the Executive Committee of the GC100. He was voted ICSA Company Secretary of the Year in 2014. Rob is also the founder and Director of Governance Professionals Limited, which provides corporate governance and company secretarial services to UK listed companies and other corporates. He was appointed as a Director of the Company on 15 July 2016.

Employees

The Group employs 26 staff in total, all of whom are based in Kidderminster. The Directors believe that this team is sufficiently experienced and resourced to support the Group’s strategy and that new franchise brands can be acquired without significantly increasing the central overhead.

12. Group structure

The Group comprises the Company as parent, FB Holdings as interim holding company and eight further subsidiaries which are 100 per cent. owned, as set out below:



13. Intellectual property

The Group places significant value on its intellectual property and has taken steps to protect its rights. The Group is the registered proprietor of 42 trademarks including the names ChipsAway, Ovensclean and MyHome.

The Group is the registered proprietor of the domain names www.chipsaway.co.uk, www.ovenclean.com, and www.franchisebrands.co.uk as well as a number of additional domain names.

14. Summary financial information

The Company was incorporated on 15 July 2016 as the holding company of the FB Holdings Group, the ownership of which took effect on 15 July 2016. Otherwise, since the date of its incorporation the Company has not yet commenced operations and has no material assets and liabilities and therefore no financial statements have been prepared as at the date of this document.

The financial information set out below has been extracted without material adjustment from the consolidated historical financial information on the FB Holdings Group for each of the three years ended 31 December 2013, 2014 and 2015 as set out in Part III of this document:

	<i>2013</i> <i>audited</i> £'000	<i>2014</i> <i>audited</i> £'000	<i>2015</i> <i>audited</i> £'000
Revenue	4,694	4,351	4,379
Cost of Sales	<u>(1,611)</u>	<u>(1,510)</u>	<u>(1,487)</u>
Gross Profit	3,083	2,842	2,892
Operating Profit	<u>740</u>	<u>924</u>	<u>1,122</u>
Profit before Tax	<u>735</u>	<u>923</u>	<u>1,115</u>
Profit for the period and comprehensive income attributable to equity holders of the parent company	<u><u>543</u></u>	<u><u>713</u></u>	<u><u>888</u></u>

This information refers to past performance. Past performance is not a reliable indication of future results.

15. Current trading and prospects

Since 1 January 2016, the Group has continued to trade in line with management expectations, with positive cashflow generation and an increase in revenues and profit before tax compared to the same period in 2015. The Board expects this trend to continue through the rest of 2016.

Total number of Franchisees has remained stable, with a slight increase in ChipsAway and Ovensclean license sales compared to the same period in 2015.

The Directors also believes that the Group's prospects will be enhanced by any potential acquisitions that the Group may make using the proceeds of the Fundraising.

A further update on the Group's results for the six-month period ended 30 June 2016 will be provided in the Group's interim accounts which will be published not later than 30 September 2016.

16. The Placing

The Placing is conditional on Admission and comprises the issue of the Placing Shares by the Company at the Issue Price, representing approximately 22.06 per cent. of the Enlarged Share Capital. It is anticipated that the Placing will raise £3.43 million for the Company, before expenses.

Allenby Capital and Dowgate Capital have, as agents for the Company and pursuant to the Placing Agreement, conditionally agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Accordingly, the Placing Shares have been conditionally placed with institutional and other investors by Allenby Capital and Dowgate Capital subject, *inter alia*, to Admission. The Placing

has not been underwritten by Allenby Capital or Dowgate Capital. Further details of the Placing Agreement between the Company, Allenby Capital and Dowgate Capital are set out in paragraph 11 of Part IV of this document.

As part of the Placing, Directors have subscribed for 1,969,696 Placing Shares at the Issue Price (representing approximately £650,000), further details of which are set out in paragraph 4.2 of Part IV of this document.

The Placing is conditional, *inter alia*, on Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by no later than 8.00 a.m. on 5 August 2016 or such later date (being no later than 19 August 2016) as the Company, Allenby Capital and Dowgate Capital may agree. The Placing Agreement contains provisions entitling Allenby Capital and Dowgate Capital to terminate the Placing in certain circumstances prior to Admission becoming effective. If this right is exercised, the Placing will lapse.

The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares in all respects including, without limitation, in relation to any dividends and other distributions declared, paid or made following Admission. The Placing Shares will be issued free from all liens, charges and encumbrances.

For Placing Shares in uncertificated form, it is expected that the CREST accounts of Placees will be credited on or around 8.00 a.m. on 5 August 2016. In the case of Placees requesting Placing Shares in certificated form, it is expected that the certificates in respect of such Placing Shares will be despatched by post within fourteen days of the date of Admission.

17. The Subscription

The Subscription has been made available to the employees and franchisees of the Group.

The Subscription comprises the issue of the Subscription Shares by the Company at the Issue Price, representing approximately 0.45 per cent. of the Enlarged Share Capital. It is anticipated that the Subscription will raise approximately £70,000 for the Company, before expenses.

The Subscription is conditional, *inter alia*, on Admission becoming effective by no later than 8.00 a.m. on 5 August 2016 or such later date (being no later than 19 August 2016) as the Company, Allenby Capital and Dowgate Capital may agree.

The Subscription Shares will be issued credited as fully paid and will, on issue, rank *pari passu* with the Existing Ordinary Shares in all respects including, without limitation, in relation to any dividends and other distributions declared, paid or made following Admission. The Subscription Shares will be issued free from all liens, charges and encumbrances.

It is expected that certificates in respect of Subscription Shares will be despatched by post within fourteen days of the date of Admission.

18. Admission and dealing arrangements

Application will be made to the London Stock Exchange for admission of the Enlarged Share Capital to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 5 August 2016.

The Ordinary Shares will have the ISIN GB00BD6P7Y24. The Ordinary Shares are not dealt on any recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

19. Reasons for Admission and use of Fundraising proceeds

Reasons for Admission

The Directors believe that the Group has reached a stage in its development where it will benefit from the Company's admission to trading on AIM and that, as well as providing the Company with the net proceeds of the Fundraising, this will:

- enhance the perceived credentials of the Group with existing and potential customers and potential franchisees;
- allow the Group to access equity capital more cost effectively in order to provide the Company with the financial flexibility to pursue growth opportunities;
- help the Company to attract and retain high-quality and/or key staff;
- provide the Company with the flexibility to use its Ordinary Shares as payment if and when it seeks acquisition opportunities;
- help the Company tie in the management of acquired brands through the use of its Ordinary Shares; and
- support the development of the Group's brands in the UK, as well as globally.

On a longer-term basis, the Directors intend to use the Company's admission to AIM as a platform to explore the possibility of acquiring complementary businesses, but will only do so on a selective basis and where such businesses have the potential to be value enhancing to the Group.

Use of proceeds

The net proceeds of the Fundraising are estimated to be £2.86 million. The Directors intend to use these funds, along with its existing cash resources, for business expansion, in particular, for:

- the repayment of shareholder loans as to approximately £1.26 million (net);
- general working capital; and
- potential acquisitions.

20. Lock-ins and orderly market arrangements

At Admission, the Locked-in and Orderly Market Parties (which includes the Directors) will hold, or be interested in, directly and indirectly, an aggregate of 35,034,283 Ordinary Shares, representing approximately 74.35 per cent. of the Enlarged Share Capital.

The Locked-in and Orderly Market Parties have undertaken not to dispose of any interest in the Ordinary Shares which they may have on Admission (or subsequently acquire) for the period of one year following Admission, save for in certain limited circumstances. In addition, they have each further agreed that for an additional 12-month period following the first anniversary of Admission they shall only dispose of any interest in Ordinary Shares through Allenby Capital, Dowgate Capital or the Company's other broker from time to time and in accordance with certain orderly market principles.

In addition, Mark Peters has undertaken, for a period of 12 months following Admission, to only dispose of any interest in Ordinary Shares through Allenby Capital, Dowgate Capital or such other broker of the Company from time to time and in accordance with certain orderly market principles.

Details of these lock-in and orderly market arrangements are set out in paragraphs 11.1.4, 11.3 and 11.4 of Part IV of this document.

21. Relationship Agreement

The Company and Allenby Capital entered into the Relationship Agreement with the Controlling Shareholders on 1 August 2016, which includes, amongst other things, provisions intended to ensure that the Company will, following Admission, be able to operate independently of the Controlling Shareholders for as long as they and their related parties (as such term is defined in the AIM Rules for Companies) together hold not less than 25 per cent. of the voting rights attaching to the Ordinary Shares. Amongst other things, the

Relationship Agreement provides that the Controlling Shareholders, as far as they are each able to as a Shareholder, shall, conditional upon Admission:

- procure that the Group is managed for the benefit of the Shareholders as a whole and independently of the Controlling Shareholders;
- procure that all arrangements between any member of the Group and the Controlling Shareholders be on an arm's length basis and on normal commercial terms;
- not take any action that could reasonably be expected to have the effect of preventing the Company from complying with its obligations under the AIM Rules;
- not propose or procure the proposal of a resolution intended to circumvent the proper application of the AIM Rules;
- procure that the remuneration committee and audit committee will be comprised of entirely independent directors and chaired by an independent director; and
- procure that the Company will be managed, so far as is practicable, in accordance with the QCA Guidelines to the extent practicable for the size, stage of development and operations of the Group at the relevant time.

22. Corporate governance

The Corporate Governance Code applies only to companies on the premium segment of the Official List and not to companies whose shares are admitted to trading on AIM. However, the Directors recognise the importance of sound corporate governance and intend that the Group will comply with the provisions of the QCA Guidelines, insofar as they are appropriate given the Group's size and nature. As the Company grows, the Directors intend that it should develop policies and procedures which further reflect the Corporate Governance Code, so far as it is practicable taking into account the size and nature of the Company.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Following Admission, the Group intends to hold Board meetings at least six times each financial year and at other times as and when required.

The Group has established properly constituted audit, remuneration and AIM compliance committees of the Board with formally delegated duties and responsibilities, a summary of which is set out below.

Audit committee

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. On Admission, the members of the audit committee will be David Poutney, who will act as chairman of the committee, and Rob Bellhouse.

Remuneration committee

The remuneration committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The committee will also make recommendations to the Board on proposals for the granting of share awards and other equity incentives pursuant to any share award scheme or equity incentive scheme in operation from time to time. The remuneration committee will meet at least twice a year. On Admission, the members of the remuneration committee are Rob Bellhouse, who will act as chairman of the committee, and David Poutney.

AIM compliance committee

The role of the AIM compliance committee will be to ensure that the Company has in place sufficient procedures, resources and controls to enable it to comply with the AIM Rules for Companies. It is intended that the AIM compliance committee will make recommendations to the Board and proactively liaise with the Company's nominated adviser on compliance with the AIM Rules for Companies. The AIM compliance

committee will also monitor the Company's procedures to approve any share dealings by directors or employees in accordance with the Company's share dealing code. On Admission, the members of the AIM compliance committee are Rob Bellhouse, who will act as chairman of the committee, David Poutney and Andrew Mallows.

23. Dividend policy

The Directors recognise the importance of dividend income to Shareholders and, subject to the availability of distributable reserves, the retention of funds required to finance future growth of the Group, both organically and by acquisition, and such other factors which the Directors may from time to time deem relevant, anticipate paying a regular dividend (if appropriate) in the medium term.

The Directors will consider the following general principles when recommending dividends for approval by the Shareholders or when declaring any interim dividends:

- the levels of cash, marketable financial assets and level of indebtedness;
- the required and expected cashflows, interest expenses, profit, return on equity and retained earnings;
- the expected results from operations and the anticipated future level of operations; and
- the projected levels of capital expenditure and other investment plans.

The objective of the Group's dividend policy is to eventually provide sustainable dividends to Shareholders, consistent with the Company's earnings growth, to attract long-term investors and to enable Shareholders to enjoy returns on their investment in tandem with the Group's growth. The payment and amount of any dividends or distributions to Shareholders will be at the discretion of the Board and will depend, among other things, on the factors stated above. There is no assurance as to whether any dividend distributions will occur as intended, the amount of any dividend payments or timing of such payments.

All Ordinary Shares, including the New Ordinary Shares, carry equal dividend rights. As a holding company, the ability of the Company to pay dividends will principally depend upon dividends or interest paid to it by its subsidiaries.

24. Share dealing code

The Company has adopted a share dealing code for dealings in securities of the Company by directors and certain employees which is appropriate for a company whose shares are traded on AIM. This will constitute the Company's share dealing policy for the purpose of compliance with UK Legislation including the Market Abuse Regulation and the relevant part of the AIM Rules for Companies.

It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

25. Share option scheme

The Company has established a long term incentive plan in the form of a share option scheme (the "LTIP") which allows for the grant of enterprise management incentive or EMI share options. Details of the LTIP are set out in paragraph 10 of Part IV of this document.

On Admission, options over a total of 2,015,151 Ordinary Shares will have been granted to certain Directors and employees pursuant to the LTIP, as set out in paragraph 10 of Part IV of this document.

26. Settlement and CREST

To be traded on AIM, securities must be able to be transferred and settled through the CREST system, which is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations.

The Ordinary Shares will be eligible for CREST settlement. Accordingly, following Admission settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

For more information concerning CREST, Shareholders should contact their broker or Euroclear at 33 Canon Street, London EC4M 5SB or by telephone on +44 (0)207 849 0000.

27. Taxation

The attention of investors is drawn to the information regarding UK taxation which is set out in paragraph 9 in Part IV of this document. That information is, however, intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

28. The City Code and Controlling Shareholders

The City Code applies to a company whose shares are admitted to trading on AIM if that company's registered office is in the United Kingdom, the Channel Islands or the Isle of Man. The Company is incorporated in the United Kingdom and application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Accordingly, the City Code applies to the Company.

The City Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the City Code applies. Under Rule 9 of the City Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which (taken together with shares in which that person is already interested or in which persons acting with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired which increases the percentage of shares carrying voting rights in which he together with persons acting in concert with him, are interested.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the City Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Panel.

In accordance with the City Code, it is presumed that the Controlling Shareholders, Tim Harris, Julia Choudhury, Robin Auld, Mark Peters and the other existing Shareholders prior to Admission and their respective families, investment trusts and associates, are acting in concert for the purposes of the City Code (the "Concert Party"). On Admission, the Concert Party will be interested in approximately 80 per cent. of the Enlarged Share Capital. As the Concert Party will control in excess of 50 per cent. of the Enlarged Share Capital on Admission, for so long as this remains the case, the Concert Party would be entitled to increase its aggregate interest in the voting rights of the Company without incurring the obligation under Rule 9 of the City Code to make a general offer.

However, individual members of the Concert Party will not be able to increase their individual percentage of shares carrying voting rights in which they are interested to 30 per cent. or more of the voting rights of the Company without triggering Rule 9 of the City Code.

Details of the individual interests of the members of the Controlling Shareholders are set out in paragraph 4 of Part IV of this document.

29. Additional information

Your attention is drawn to the information included in Parts II to IV of this document. In particular, you are advised to carefully consider the risk factors contained in Part II of this document.

PART II

RISK FACTORS

The attention of prospective investors is drawn to the fact that ownership of shares in the Company will involve a variety of risks which, if they materialise, may have an adverse effect on the Company's business, financial condition, results or future operations. In such a case, the market price of the Ordinary Shares could decline and an investor might lose all or part of his investment.

In addition to the information set out in this document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. In particular, the Company's performance might be affected by changes in market, policy and economic conditions and in legal, regulatory and tax requirements.

Additionally, there may be further risks of which the Directors are not aware or believe to be immaterial that may, in the future, adversely affect the Company's business and the market price of Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.

RISK FACTORS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

Reliance on key personnel

Loss of key management or other key personnel, particularly to competitors, could have adverse consequences for the Group. Whilst the Group has entered into service agreements and/or letters of appointment with each of its Directors and certain senior employees, the retention of their services cannot be guaranteed. Furthermore, as the Group expands it will need to recruit and integrate additional personnel in a competitive market for suitably qualified candidates. The Group may not be successful in identifying and engaging suitably qualified people or integrating them into the Group which may impact the performance of its business.

Ability to recruit and retain skilled Franchisees

The ability of the Group to attract and retain new Franchisees with the appropriate attitude, expertise and skills, in available and suitable locations, cannot be guaranteed. The Group may experience difficulties in finding and retaining appropriate Franchisees and the failure to do so may have a detrimental effect upon trading performance, growth of the Group's business and the reputation of its brands.

The Group experiences a certain amount of churn within its franchise networks, in particular ChipsAway and Ovensclean. In 2015, 48 ChipsAway Franchisees and 32 Ovensclean Franchisees left the Group whilst another 41 and 21 were recruited respectively. Reasons for Franchisees leaving can include: a return to employment; ill-health; a change in personal circumstances; financial underperformance; non-compliance with brand standards; and termination by the Group. If the Group experiences a high level of Franchisees leaving the network over a sustained period of time, this may result in lower revenues for the Group if the respective territories cannot be allocated to new Franchisees and/or the new Franchisees do not perform to the same level as the previous Franchisees.

Performance of Franchisees

Franchisees could default on their obligations under their respective Franchise Agreement or underperform, which would result in lower revenues for the Group. The Group follows stringent recruitment processes and

inductions but may fail to identify inappropriate Franchisees until they are trading under the Group's name which could negatively effect the Group's financial performance, reputation and prospects. Further, the Group seeks to ensure compliance by its Franchisees with all relevant local laws, legislation and regulations, but contravention of these by Franchisees may expose the Group to legal, regulatory, financial or reputational risk which in turn could result in a negative impact on the Group's operations, financial performance and prospects.

Reputation

The Group's reputation, in terms of the service it and its Franchisees provide, the way in which it and its Franchisees conduct their business and the financial results which they achieve, are central to the Group's success. Failure to meet expectations of the Group's customers, employees, Franchisees, Shareholders or other business partners may have a material adverse effect on the Group's reputation and affect its prospects. Similarly, adverse publicity in the event of any alleged or actual failings by Franchisees is capable of causing damage to the Group's respective brands, thereby potentially reducing the ability to sustain and/or grow revenues and which may have a detrimental effect upon the Group's future trading performance.

Decrease in target market spending

The demand for the Group's products and services is dependent on spending patterns in its various target markets which, in turn, are dependent on many factors, including, among other things, the state of the economy, changes in income levels, government policy and policy developments, changes in demographic profiles and consumers' aspirations. There is, therefore, no guarantee that future spending in the Group's target markets will be better than or remain at present levels. A decrease in such spending, as a result of the above or any other unmentioned factors, may decrease demand for the Group's products and services and have a negative impact on its business, financial performance and prospects.

Insurance

There can be no certainty that the Group's insurance cover is adequate to protect it against every eventuality. The Group's position, financial performance, prospects and business could be materially adversely affected if an event occurred for which the Group did not have adequate insurance cover.

Material litigation, claims or arbitration or legal uncertainties

The Group is not engaged in any material litigation, claim and arbitration, either as claimant or defendant, that has or could have a material effect on its financial position, and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or business. However, there can be no assurance that there will be no such proceedings in the future that could affect the reputation, business or performance of the Group.

Products

The chemical compounds used to carry out ChipsAway repairs and Ovensclean and MyHome cleans are compliant with current health and safety regulations. However, there is no certainty that they will continue to be so, should regulations change, and reformulation of products and/or compliance with new regulations could take time, reduce product and service effectiveness and result in increased costs for the Group and/or Franchisees and therefore impact business viability and/or financial performance.

Health and Safety

While the Franchisees are required under the terms of the Franchise Agreements to comply with all current laws and regulations in particular those concerning health and safety standards, there is a risk of non-compliance by Franchisees which could adversely impact the Group.

Repayments by Franchisees

The Group provides alternative trading arrangements to a number of new ChipsAway Franchisees who require assistance with payment of the upfront franchise fee. Under the Group's licence fee premium scheme,

Franchisees can pay a reduced initial fee followed by monthly payments over the term of the Franchise Agreement. Care is taken when providing these alternative trading arrangements including a consideration of the appropriateness of the individual, their past history and other relevant factors. The Directors cannot guarantee that all monthly payments will be made by the Franchisees under these arrangements. However, where deferred payment terms are offered, franchise fees are only recognised to the extent that there is not considered to be significant doubt over the eventual recovery.

Competition and market development

The markets in which the Group operates are rapidly evolving and the Group may experience increased competition or technological or regulatory changes in its markets which may have a negative impact on the Group's business, prospects and financial performance.

Expansion

The Group intends to expand its service offerings and enter into new markets. Fast business growth could put significant strain on the Group's managerial, operational and financial resources. The Group's ability to manage future growth will depend on its ability to effectively implement and improve management, operational and financial information systems on a timely basis and to expand, train, motivate and manage its workforce. The Directors cannot give assurance that the Group's personnel, systems, procedures and controls will be adequate to support its future growth. Failure to manage its expansion effectively may lead to increased costs, a decline in sales and reduced profitability, which in turn may affect its business, financial condition, results of operations and prospects.

Future expansion could expose the Group to economic, political, legislative and other risks and there can be no assurance that the Group will be able to effectively mitigate these risks or successfully penetrate these new markets, particularly without expanding significant management time and financial resources without positive results in return.

Difficulties in expanding into new regions and markets

Whilst it is not the Group's current intention to expand its operations and network internationally, the success of the Group's expansion plan is subject to, amongst other things, the following factors:

- the existence and availability of suitable regions and locations for expansion of its network;
- its ability to identify suitable local partners, which may be required in order to launch in a new region or jurisdiction;
- its ability to locate and then negotiate favourable cooperation terms with local distributors and suppliers; and
- its ability to hire, train and retain skilled personnel in the new region or jurisdiction.

Accordingly, the Group cannot give assurance that it will be able to achieve its expansion goals or effectively integrate any operations in new regions or jurisdictions. If the Group encounters difficulties in expanding into new regions or jurisdictions, its growth prospects may be limited and financial results negatively impacted.

Future acquisitions

An important part of the Group's longer-term business strategy involves expansion through the acquisition of franchise businesses. There is a risk related to the Group's ability to accurately identify suitable targets and successfully execute transactions for such a strategy. As consideration for such acquisitions, the Company may seek to issue Ordinary Shares. There can be no guarantee that sellers of target companies, businesses or assets will be prepared to accept shares traded on AIM as consideration, and this may limit the Group's ability to grow its activities and pursue its strategy. The difficulties involved in integrating any companies, businesses or assets acquired by the Group may divert financial and management resources from the Group's core business, which could adversely affect the Group's business, financial condition, operating results and prospects.

Ability to generate revenues and profits

At this stage, there is no certainty that the Group will expand its share of its current markets to the extent that it intends to. Failure to do so and slower demand for the Group's services may result in revenues growing more slowly than anticipated. In addition, there is no certainty that existing Franchisees will continue to trade or will renew their Franchise Agreements on expiry, or that the franchise fees payable to the Group are sustainable in the long term with new competitive pressures, all of which may lead to a decline in the number of Franchisees in the Group's network and therefore a decline in the Group's revenue and profits.

Past performance

The past performance of the Group is not a guide to future performance of the Group and no representation is made or warranty given regarding future performance of the Group.

Financial resources

In the opinion of the Directors, having made due and careful enquiry, taking into account the existing facilities available to the Group and the net proceeds of the Fundraising, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission. The Group's future capital requirements will, however, depend on many factors, including economic and market conditions and the Group's ability to expand its network, grow sales, control costs and execute its expansion programme and any material acquisitions. In the future, the Group may require additional funds, particularly to take advantage of acquisition opportunities, and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms or at all if, for example, market and economic conditions, the financial condition or operating performance of the Group or investor sentiment (whether towards the Group in particular or towards the market sector in which the Group operates) are unfavourable. The Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

Data protection risk

Whilst the Group has in place systems and procedures to seek to comply with the Data Protection Act 1998, failure by it or its Franchisees to comply with data protection legislation may leave the Group open to criminal and civil sanctions.

Future uncertainty

This document contains certain forward looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Group's plans, goals and prospects. These statements and the assumptions that underlie them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual performance of the Group will not differ materially from matters described in this document.

Changes in regulation/legislation

Existing legislation and regulations that impact the business may change and/or new legislation and regulation may come into effect. Changes in the regulatory and legislative framework in which the Group operates could have an adverse effect on the Group's franchise model and business. In particular, the Group could be impacted by changes in health and safety obligations, franchising legislation, case law and BFA recommendations, as well as employment law, but many other legislation and regulation areas are relevant.

Suppliers

The Group relies on certain suppliers, without whom the Group's revenue generation, efficiency of operations and cash flow may not be optimised. The Group cannot guarantee that service and products delivered from third parties will remain of a high quality in the future and be provided without interruption. In the event of a major disruption to the timely supply of third party products and services, alternative suppliers may only be

available at higher prices or at the cost of some delay in supplying Franchisees, which could negatively affect the Group's operations, financial results and performance.

Third party changes to products, technology and services

The Group is dependent on many products, technologies and services provided by third parties in order for customers to use its products and services, as well as to deliver, measure, render and report advertising. Any changes made by these third parties to functionality, features or settings of these products, technologies and services could adversely affect the Group's business and prospects.

Intellectual property rights

The Group relies on a combination of trademarks, service marks and domain name registrations, common law or statutory copyright protection and contractual restrictions to establish and protect its intellectual property. Any third party may challenge the Group's intellectual property. The Group may incur substantial costs in defending any claims relating to its intellectual property rights. There can be no guarantee that third parties have not and/or will not manage to independently develop brands and websites similar to those offered by the Group without infringing the Group's intellectual property rights.

Disruption or failure of networks and information systems, the internet or other technology

The Group's business is dependent on the availability of network and information systems, the internet and other technologies. Shutdowns or service disruptions caused by events such as criminal activity, sabotage or espionage, computer viruses, hacking and other cyber-security attacks, router disruption, automated attacks such as denial of service attacks, power outages, natural disasters, accidents, terrorism, equipment failure or other events within or outside the Group's control could adversely affect the Group and its Franchisees and customers. Furthermore, such attacks cannot always be immediately detected, which means that the Group may not be in a position to promptly address the attacks or to implement adequate preventative measures. Such events could result in large expenditures necessary to recover data, or repair or replace such networks or information systems or to protect them from similar events in the future. Significant incidents could result in a disruption of parts of the Group's business, consumer dissatisfaction, damage to the Group's brands, legal costs or liability, and a loss of customers or revenues and affect the Group's financial performance and prospects.

Taxation

The attention of potential investors is drawn to paragraph 9 of Part IV of this document headed "United Kingdom Taxation". The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Group may change during the life of the Group.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends upon the individual circumstances of investors. Any change in the Group's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

RISKS RELATING TO THE ORDINARY SHARES

Investment in AIM securities and liquidity of the Company's Shares

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

The market for the Ordinary Shares following Admission may be highly volatile and subject to wide fluctuations in response to a variety of factors which could lead to losses for Shareholders. These potential factors include amongst others: any additions or departures of key personnel, litigation and negative press, newspaper and/or other media reports.

Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up, that the market price of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than or lose all of their investment.

Market in the Ordinary Shares

The share price of publically quoted companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and its operations and others to the AIM market or stock markets in general including, but not limited to, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions or legislative changes in the Company's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List.

Dilution of shareholders' interest as a result of additional equity fundraising

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject, in the case of a final dividend, to the approval of the Shareholders and, in the case of an interim dividend, to the decision of the Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the FSMA if they are in the United Kingdom or, if not, to consult another appropriately authorised and independent financial adviser who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE FB HOLDINGS GROUP

Set out below is the text of a report by the reporting accountant, BDO LLP, covering the three financial years ended 31 December 2013, 2014 and 2015.

SECTION A – ACCOUNTANT’S REPORT



BDO LLP
Two Snowhill
Birmingham
B4 6GA

The Directors
Franchise Brands plc
5 Edwin Avenue
Hoo Farm Industrial Estate
Kidderminster
Worcestershire
DY11 7RA

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

1 August 2016

Dear Sirs

FB Holdings Limited (“FB Holdings”) and its subsidiary undertakings (together, the “FB Holdings Group”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 1 August 2016 of Franchise Brands plc (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Franchise Brands plc are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the FB Holdings Group as at 31 December 2013, 31 December 2014 and 31 December 2015 and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – HISTORICAL FINANCIAL INFORMATION

Consolidated statement of comprehensive income

		<i>Year ended</i> 31 December 2013	<i>Year ended</i> 31 December 2014	<i>Year ended</i> 31 December 2015
	<i>Note</i>	£	£	£
Revenue	4	4,693,862	4,351,255	4,379,474
Cost of Sales		<u>(1,611,141)</u>	<u>(1,509,750)</u>	<u>(1,487,067)</u>
Gross Profit		3,082,721	2,841,505	2,892,407
Administration Expenses		<u>(2,342,725)</u>	<u>(1,917,227)</u>	<u>(1,770,632)</u>
Operating Profit	5	739,996	924,278	1,121,775
Finance Income	7	3,203	2,920	666
Finance Expense	8	<u>(8,420)</u>	<u>(4,221)</u>	<u>(7,551)</u>
Profit before Tax		734,779	922,977	1,114,890
Tax Expense	9	<u>(191,532)</u>	<u>(209,588)</u>	<u>(226,844)</u>
Profit for the period and comprehensive income attributable to equity holders of the parent company		<u>543,247</u>	<u>713,389</u>	<u>888,046</u>
Earnings per share (basic & diluted) for Profit attributable to the owners of the parent during the period	10	<u>4.5 p</u>	<u>5.9 p</u>	<u>7.4 p</u>

All amounts relate to continuing operations

Consolidated statement of financial position

		Year ended 31 December 2013 £	Year ended 31 December 2014 £	Year ended 31 December 2015 £
Non-Current assets				
Property, plant and equipment	11	171,784	154,068	162,197
Intangible assets	12	1,224,720	1,171,365	1,259,856
Investment		50	50	0
Trade and other receivables; due in more than 1 year	18	76,524	103,152	114,914
Total non-current assets		<u>1,473,078</u>	<u>1,428,635</u>	<u>1,536,967</u>
Current assets				
Inventories	15	91,749	108,792	170,211
Trade and other receivables	17	243,912	305,700	248,616
Cash and bank balances	16	489,275	1,051,769	495,644
Total current assets		<u>824,936</u>	<u>1,466,261</u>	<u>914,471</u>
Total assets		<u>2,298,014</u>	<u>2,894,896</u>	<u>2,451,438</u>
Current Liabilities				
Trade and other payables	19	745,549	719,615	784,737
Loans and Borrowings	20	3,234,000	3,234,000	1,764,000
Obligations under Finance Leases		69,261	22,944	35,035
Current Tax Liability		188,739	93,677	110,977
Total current liabilities		<u>4,237,549</u>	<u>4,070,236</u>	<u>2,694,749</u>
Non-current liabilities				
Obligations under Finance Leases		41,910	78,716	105,899
Deferred Tax liability	21	0	14,000	30,800
Total non-current liabilities		<u>41,910</u>	<u>92,716</u>	<u>136,699</u>
Total liabilities		<u>4,279,459</u>	<u>4,162,952</u>	<u>2,831,448</u>
Net liabilities		<u>(1,981,445)</u>	<u>(1,268,056)</u>	<u>(380,010)</u>
Equity attributable to equity holders of the company				
Share Capital	22	120,000	120,000	120,000
Retained Earnings		(2,101,445)	(1,388,056)	(500,010)
Total Equity		<u>(1,981,445)</u>	<u>(1,268,056)</u>	<u>(380,010)</u>

Consolidated statement of Changes in equity

	<i>Share Capital</i> £	<i>Retained Earnings</i> £	<i>Total</i> £
At 1 January 2013	120,000	(2,644,692)	(2,524,692)
Profit for the year		543,247	543,247
Equity as at 31 December 2013	120,000	(2,101,445)	(1,981,445)
Profit for the year		713,389	713,389
Equity as at 31 December 2014	120,000	(1,388,056)	(1,268,056)
Profit for the year		888,046	888,046
Equity as at 31 December 2015	120,000	(500,010)	(380,010)

Consolidated statement of cash flows

	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015
Note	£	£	£
Operating activities			
Profit/(Loss) after tax	543,247	713,389	888,046
Add: Tax Expense	191,532	209,588	226,844
Interest Paid	8,420	4,221	7,551
Interest Income	(3,203)	(2,920)	(666)
Depreciation	96,573	78,837	62,757
Amortisation	194,438	53,355	0
(Profit)/Loss of Tangible assets	(16,256)	(35,742)	(8,265)
	<u>1,014,751</u>	<u>1,020,728</u>	<u>1,176,267</u>
(Increase)/decrease in Trade and other receivables	(61,201)	(88,416)	87,815
(Increase)/decrease in Inventories	51,263	(17,043)	(61,418)
Increase/(decrease) in Trade and other payables	38,965	(25,933)	43,501
	<u>1,043,778</u>	<u>889,336</u>	<u>1,246,165</u>
Cash generated from operations			
Income taxes Paid	(136,699)	(290,651)	(206,244)
	<u>907,079</u>	<u>598,685</u>	<u>1,039,921</u>
Net cash flows from operating activities			
Purchasing of Property, plant and equipment	(72,833)	(86,649)	(16,468)
Interest received	3,203	2,920	666
Acquisition of subsidiary	0	0	(82,590)
Sale of property, plant and Equipment	30,258	61,270	10,897
Purchase of intangible assets	(27,125)	0	0
	<u>(66,497)</u>	<u>(22,459)</u>	<u>(87,495)</u>
Net cash used in investing activities			
Financing activity			
Loans repaid	(588,000)	0	(1,470,000)
Interest paid on finance leases	(7,781)	(4,221)	(7,551)
Interest paid loans	(639)	0	0
Repayment of Finances leases	(5,231)	(9,511)	(31,000)
	<u>(601,651)</u>	<u>(13,732)</u>	<u>(1,508,551)</u>
Net cash used in Financing activity			
Net increase in cash and cash equivalent	<u>238,931</u>	<u>562,494</u>	<u>(556,125)</u>
Cash and Cash equivalents at beginning of period	250,344	489,275	1,051,769
Cash and Cash equivalents at end of period	<u>489,275</u>	<u>1,051,769</u>	<u>495,644</u>

1. Accounting policies

General Information

FB Holdings Limited is a company incorporated and domiciled in the UK. The address of the registered office is 45 Grosvenor Road, St Albans, Hertfordshire, AL1 3AW. FB Holdings is the holding company for ChipsAway International Limited, Edwin Investments Limited, Oven Clean Domestic Limited, MyHome Marketing Limited, Oven Clean (Ontario) Limited, Alloy Rescue Limited, Oven Clean Limited and DentsAway Limited (collectively, the “FB Holdings Group”), whose activities consist principally of the management and operation of a franchise business.

Basis of preparation

This historical financial information presents the financial track record of the FB Holdings Group for the three years ended 31 December 2015 and is prepared for the purposes of admission to the Alternative Investment Market (“AIM”) operated by the London Stock Exchange. This special purpose financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the Listing Rules, in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) as applicable to companies reporting under IFRS.

The Financial information is presented in sterling, which is also the FB Holdings Group’s functional currency.

The Financial Information does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The FB Holdings Groups’ statutory financial statements for the periods ended 31 December 2013 and 31 December 2014 was prepared in accordance with UK GAAP and the FB Holdings Groups’ statutory financial statements for the period ended 31 December 2015 was prepared in accordance with IFRS. The financial statements for these periods have been delivered to the Registrar of Companies. The auditors’ report’s on these financial statements were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The FB Holdings Group’s transition date to IFRS is 1 January 2013. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. The FB Holdings Group has elected not to restate its business combinations made prior to 1 January 2013 to comply with IFRS3 Business Combinations.

The disclosures required by IFRS 1 are set out in note 27. This sets out the principal changes as a result of the transition to IFRS.

This consolidated historical financial information is prepared in accordance with IFRS under the historical cost convention.

At the time of publication of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 16 Leases	1/1/2019
IFRS 9 Financial Instruments: Classification and Measurement	1/1/2018
IFRS 15 Revenue from Contracts with Customers	1/1/2018
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1/1/2016
IAS 27 Equity method in separate Financial Statements	1/1/2016
IAS 16 and 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1/1/2016
IAS 1 Disclosure Initiative	1/1/2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1/1/2017
IAS 7 Disclosure Initiative	1/1/2017

The full impact of these standards is currently being assessed. However, IFRS 15 and IFRS 16 are expected to add to the extent of disclosure in the financial statements and further information is provided below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, 'Revenues from Contracts with Customers', replaces IAS 18, 'Revenues', and introduces a five step approach to revenue recognition based on performance obligations in customer contracts. The International Accounting Standards Board ('IASB') has proposed to issue some clarifications and to defer the standard's effective date of 1 January 2017 to 1 January 2018. The effective date for FB Holdings is also subject to EU endorsement.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

The principal accounting policies adopted in the preparation of the consolidated financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Segmental Reporting

Management has determined that based on the operating reports reviewed by the Chief Executive Officer that are used to assess both performance and strategic decisions, the FB Holdings Group has one operating segment. Management has identified that the Chief Executive Officer is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

Whilst the FB Holdings Group now operates multiple franchise brands, across various business sectors, the Board has concluded that the key management and financial data used to manage them is the same, as the key drivers are attributable to them being franchises rather than the activity of the franchise.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the FB Holdings Group.

Statement of Compliance

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by European Union.

Basis of consolidation

The consolidated financial statements incorporate the results and net assets of FB Holdings and its subsidiary undertakings to 31 December 2015.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date control ceases. All inter-company transactions and balances between FB Holdings Group entities are eliminated upon consolidation.

Acquisitions during the year has been consolidated by using the acquisition method.

Business Combinations

The FB Holdings Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity issued by the FB Holdings Group, plus if the business combination is acquired in stages the fair value of the existing interest in the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Impairment of non-financial assets

Impairment tests on goodwill are carried out on an annual basis at the financial year-end. For other non-financial assets the FB Holdings Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the FB Holdings Group makes an estimate of the assets or cash generating unit's recoverable amount. Recoverable amount is the higher of fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and written down to its recoverable amount. Any impairment is charged to the profit and loss in the period concerned.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the FB Holdings Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable net of returns, rebates and value-added taxes.

The following criteria must also be met before revenue is recognised:

Sales of Goods

Revenue from sale of equipment is recognised on delivery to customers.

Franchise Fees

The franchise fee is effectively a joining fee which includes training, other start-up support and equipment package. No element of the franchise fee relates to subsequent services. Revenue from franchise fees is recognised when a franchisee completes the relevant training. Where deferred payment terms are offered franchise fees are recognised to the extent that there is not considered to be significant doubt over the eventual recovery (see note 2).

Licence Fees

Licence fees are fees charged for the continuing use of the rights and continuing services provided during the franchise agreements term. They are recognised as the service is provided and the rights are used.

Research and Development

Development costs are charged to the statement of comprehensive income in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable
- The project is technically feasible and commercially viable
- Current and future costs are expected to be exceeded by future sales and adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the asset is ready for use.

Trademarks and licences

Where separately identifiable trademarks and licences are acquired, they are recognised at fair value.

Acquired trademarks and licences are amortised on a straight line basis over their useful life but no longer than ten years. The carrying values of trademarks and licences are subject to impairment review by the directors if there have been indications of impairment. Any amortisation or impairment provisions are charged to the statement of comprehensive income in the period concerned.

Property, plant and equipment

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid and the fair value of any other consideration

given to acquire the asset and includes cost directly attributable to making the asset capable of operating as intended.

The FB Holdings Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income in the period they are incurred.

Depreciation is provided to write off the cost, less the estimated residual values, of all tangible fixed assets evenly over their expected useful lives.

It is calculated at the following rates:

Leasehold property improvements	-7% straight line
Short term leasehold improvements	-33% straight line
Motor vehicles	-25% straight line
Fixtures and fittings	-10% straight line
Short term fixtures and fittings	-33% straight line
Computer equipment	-33% straight line

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate on an annual basis. Any gain or loss arising on recognition of an asset is included in the statement of comprehensive income in the year that the asset is derecognised.

Share-based payment

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. When the terms and conditions of options are modified before they vest the increase in fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where share options vesting are contingent on a future event a charge is recognised only if the future event is considered probable.

Fair value is measured by the use of an appropriate valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The volatility in the model is calculated by reference to an implied volatility of a group of listed entities that have similar characteristics and are in the same industry sector.

Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be received or paid to the taxation authorities.

Income tax is charged or credited to the income statement, except when it relates to items charged directly to other comprehensive income or to equity, in which case the income tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries where FB Holdings is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets and liabilities are offset when FB Holdings has a legally enforceable right to offset current tax assets and liabilities.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

National advertising fund and central advertising fund accounting

In addition to franchise fees, franchisees pay contributions which are collected by the FB Holdings Group for specific use within the national and central advertising funds. The group operates the funds on behalf of the franchisees with the objective of driving revenues for the franchisees. The fund is planned to break even with any short term timing or surplus or deficit carried in the FB Holdings Group balance sheet within working capital. As all fund contributions are designated for specific purposes and do not result in a profit or loss for the FB Holdings Group, revenue recognition criteria are not met and therefore the income and expense of the fund are not included in the FB Holdings Group income statement.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Foreign Currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the statement of comprehensive income. All financial statements are presented in sterling.

Pension costs

Contributions to the FB Holdings Group's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

Trade Receivables

Trade receivables are carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the FB Holdings Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade Payables

Short term trade payables are measured at their transaction price.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method.

2. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most effect on amounts recognised in the financial statement.

Franchisees within the FB Holdings Group pay a fee into a central fund designed to build sales. The fund is managed for the benefit of franchisees in the system with the objective of driving revenues. The fund is used to pay for national and localised marketing strategies and promotional plans. The fund is planned to operate at break even with any short term timing surplus of deficit carried in the group's balance sheet.

As all fund income is designated for specific purposes and does not result in a profit or loss for the group, the revenue recognition criteria as outlined in our accounting policy are not met and therefore the income and expenses of the fund are not included in the FB Holdings Group income statement as the directors consider this to be an agency arrangement.

The cash flows relating to the fund are included within the Cash generated from operations in the FB Holdings Group statement of cash flows due to the close interrelationship between the fund and the trading operations of the FB Holdings Group.

Determining the fair value of acquired intangible assets and goodwill acquired in business combinations requires the use of estimates regarding the value of intangible assets. The values determined using discounted cash flows and based upon latest approved budgets which include estimates concerning factors such as new franchise sales and timing of such sales. Subsequent impairment reviews also require the use of estimates to value the cash generating units to which goodwill has been allocated. The value in use calculations which are run on an annual basis for goodwill or when there is an indicator of impairment for tangible and intangible fixed assets to determine whether there is any impairment to the carrying value of assets arising from business combinations

The FB Holdings Group offers deferred payment terms in relation to some of the franchisee fee payable. The FB Holdings Group assess the level of doubt over the ultimate recovery of the deferred fees based on historic experience. If there is significant doubt over the recovery of the franchisee fee the balance is not recognised until the level of risk associated reduces to an acceptable level.

3. Financial instruments – Risk Management

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the FB Holdings Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The FB Holdings Group's financial risk management objectives consist of identifying and monitoring those risks, which have an adverse impact on the value of the FB Holdings Group's financial assets and liabilities or on the reported profitability and on the cash flows of the FB Holdings Group. The FB Holdings Group's financial liabilities are the Shareholder Loan and trade and other payables. The FB Holdings Group has various financial assets such as trade receivables and cash, which arise directly from its operations. The FB Holdings Group has not entered into any derivative transactions such as interest rate swaps. It is the FB Holdings Group's policy that no trading in derivatives shall be undertaken.

The FB Holdings Group's main treasury risks relate to the availability of funds to meet its future requirements. The treasury policy of the FB Holdings Group is determined and monitored by the Board. The FB Holdings Group's monitors its cash resources through short, medium and long term cash forecasting.

The main risks arising from the FB Holdings Group's financial instruments credit risk, price risk and liquidity risk. The board reviews policies for managing each of these risks is summarised below:

Financial assets

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Cash and cash equivalents	489,275	1,051,769	495,644
Trade and other receivables	243,912	305,700	248,616
Loans and receivables	<u>733,187</u>	<u>1,357,469</u>	<u>744,260</u>

Investments have not been included in the Financial Assets assessment above on the grounds of materiality. The directors do not consider the historic cost or fair value to be material at the relevant historic reporting dates.

Financial Liabilities

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Trade and other payables	586,652	552,217	637,921
Loans and Borrowing	3,345,171	3,335,660	1,904,934
At amortised cost	<u>3,931,823</u>	<u>3,887,877</u>	<u>2,542,855</u>

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The Shareholder loans are interest bearing, at the loan note holders discretion, and are repayable on demand. During the year £1,470,000 was repaid (£NIL 2014). No Interest was charged during the period (£NIL 2014).

Credit risk

Customers who trade on credit terms are predominantly its franchisees and it is considered that the franchisee recruitment selection process is sufficiently robust to ensure an appropriate credit verification procedure. In addition, trade receivable balances are monitored on an ongoing basis with the result that the

FB Holdings Group's exposure to bad debts is not significant. It is the FB Holdings Group's policy that cash deposits are only made with banks that have been approved by the board and have a high credit rating to ensure the FB Holdings Group is not exposed to unnecessary risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Cash is held with the following institutions:

		<i>Year ended</i> <i>31 December</i> <i>2013</i>	<i>Year ended</i> <i>31 December</i> <i>2014</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	<i>Rating</i>	£	£	£
NatWest Bank	A	489,275	1,051,769	495,644
		<u>489,275</u>	<u>1,051,769</u>	<u>495,644</u>

The directors consider that the concentration of credit risk with a single institution is managed through regular monitoring of the levels of deposits held and only making deposits with independently rated parties with a minimum "A" rating.

Liquidity risk

The FB Holdings Group aims to mitigate liquidity risk by managing cash generation by its operations with collection targets set throughout the FB Holdings Group. All major investment decisions are considered by the board as part of the project appraisal and approval process. In this the FB Holdings Group aims to maintain a good credit rating to facilitate fundraising.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	<i>Year ended</i> <i>31 December</i> <i>2013</i>	<i>Year ended</i> <i>31 December</i> <i>2014</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	£	£	£
Less than 1 year			
Trade and other payables	586,652	552,217	637,921
Loans and Borrowing	3,303,261	3,256,944	1,799,035
Total Financial Liabilities due in less than one year	<u>3,889,913</u>	<u>3,809,161</u>	<u>2,436,956</u>
	<i>Year ended</i> <i>31 December</i> <i>2013</i>	<i>Year ended</i> <i>31 December</i> <i>2014</i>	<i>Year ended</i> <i>31 December</i> <i>2015</i>
	£	£	£
Greater than 1 year but less than 5 years			
Loans and Borrowing	41,910	78,716	105,899
Total Financial Liabilities due in more than one year but less than five years	<u>41,910</u>	<u>78,716</u>	<u>105,899</u>

Capital Management

The FB Holdings Group's objectives when managing capital are to safeguard the FB Holdings Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, whilst maintaining a strong credit rating and sufficient headroom. The FB Holdings Group has utilised shareholder loans of £3,240,000 during its development and in 2015 £1,470,000 was repaid out of cashflow generated from profits.

To meet these objectives, the FB Holdings Group reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the FB Holdings Group through to profitability and positive cash flow.

The capital structure of the FB Holdings Group consists of shareholders' equity as set out in the statement of changes in equity. All working capital requirements are financed from existing cash resources.

4. Revenue

	<i>Year ended</i> 31 December 2013 £	<i>Year ended</i> 31 December 2014 £	<i>Year ended</i> 31 December 2015 £
<i>Revenue arises from:</i>			
Sale of services	3,116,974	2,788,566	2,798,658
Sale of goods	<u>1,576,888</u>	<u>1,562,689</u>	<u>1,580,816</u>
	<u>4,693,862</u>	<u>4,351,255</u>	<u>4,379,474</u>

An analysis of revenue by geographical market is given below:

United Kingdom	4,510,870	4,221,486	4,332,474
Europe	44,678	65,820	19,000
Rest of the World	<u>138,314</u>	<u>63,949</u>	<u>28,000</u>
	<u>4,693,862</u>	<u>4,351,255</u>	<u>4,379,474</u>

5. Profit from operations

	<i>Year ended</i> 31 December 2013 £	<i>Year ended</i> 31 December 2014 £	<i>Year ended</i> 31 December 2015 £
Depreciation	96,573	78,837	62,757
Amortisation	194,438	53,355	0
Auditors' remunerations:			
Fees for audit of FB Holdings and subsidiaries	22,800	22,950	32,862
Other Taxation services	<u>8,100</u>	<u>8,220</u>	<u>10,372</u>

6. Staff costs

	<i>Year ended</i> 31 December 2013 £	<i>Year ended</i> 31 December 2014 £	<i>Year ended</i> 31 December 2015 £
Wages and salaries	683,718	662,688	655,030
Pension costs	12,000	12,000	10,000
Social security costs	<u>65,889</u>	<u>67,361</u>	<u>60,786</u>
	<u>761,607</u>	<u>742,049</u>	<u>725,816</u>

The average monthly number of employees during the period was as follows:

	<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
Administration	16	13	14
Sales	2	2	1
Training	3	3	3
Warehouse	2	2	1
Operations	1	1	1
Non Exec Directors	5	5	5
	<u>29</u>	<u>26</u>	<u>25</u>

Directors' remuneration

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Salary	122,305	180,100	163,000
Payments to service companies (see note 26)	77,823	147,644	100,000
	<u>200,128</u>	<u>327,744</u>	<u>263,000</u>

Information regarding the highest paid director is as follows:

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Highest paid Director	<u>122,305</u>	<u>127,843</u>	<u>129,575</u>

The FB Holdings Group consider the key management personal to be the board of directors and the cost to the FB Holdings Group of the key management personal is that disclosed above together with related employers national insurance.

7. Finance Income

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Finance income			
Bank Interest	<u>3,203</u>	<u>2,920</u>	<u>666</u>

8. Finance Expense

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Finance expenses			
Finance leases	<u>8,420</u>	<u>4,221</u>	<u>7,551</u>

9. Income tax

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Current tax expense			
Current tax on profits for the period	<u>191,532</u>	<u>195,588</u>	<u>223,544</u>
Deferred tax expense			
Origination and recognition	<u>0</u>	<u>14,000</u>	<u>3,300</u>
Total Tax Expense	<u><u>191,532</u></u>	<u><u>209,588</u></u>	<u><u>226,844</u></u>
Profit for the period	<u>734,779</u>	<u>922,977</u>	<u>1,114,890</u>
Accounting profit multiplied by the UK statutory rate of Corporation tax	<u>168,999</u>	<u>198,410</u>	<u>222,978</u>
Expense not deductible for tax purposes	18,478	18,869	3,866
Adjustment for prior period	2,793	(6,973)	
Effect of change of rate	<u>1,262</u>	<u>(718)</u>	
	<u><u>191,532</u></u>	<u><u>209,588</u></u>	<u><u>226,844</u></u>
Effective tax rate	26.1%	22.7%	20.3%

10. Earnings per share

	<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
Profit used in calculation	£543,247	£713,389	£888,046
Share	12,000,000	12,000,000	12,000,000
Basic/Diluted	4.5p	5.9p	7.4p

Earnings per share is calculated based on the ordinary share capital of the FB Holdings Group.

The ability to exercise the share options is contingent on a future event and are not therefore considered dilutive.

11. Property, plant and equipment

	<i>Short Leasehold £</i>	<i>Fixtures & Fittings £</i>	<i>Computer Equipment £</i>	<i>Plant, machinery and Motor £</i>	<i>Total £</i>
Cost					
At 1 January 2013	188,146	280,700	166,027	212,387	847,260
Additions	0	13,047	2,995	56,791	72,833
Disposals	(69,175)	(207,272)	(95,441)	(39,883)	(411,771)
At 31 December 2013	<u>118,971</u>	<u>86,475</u>	<u>73,581</u>	<u>229,295</u>	<u>508,322</u>
At 1 January 2014	118,971	86,475	73,581	229,295	508,322
Additions	0	4,775	7,746	74,128	86,649
Disposals	0	0	0	(107,465)	(107,465)
At 31 December 2014	<u>118,971</u>	<u>91,250</u>	<u>81,327</u>	<u>195,958</u>	<u>487,506</u>
At 1 January 2015	118,971	91,250	81,327	195,958	487,506
Additions	0	0	1,333	72,135	73,468
Disposals	0	0	0	(21,396)	(21,396)
At 31 December 2015	<u>118,971</u>	<u>91,250</u>	<u>82,660</u>	<u>246,697</u>	<u>539,578</u>
Depreciation					
At 1 January 2013	130,680	255,729	141,293	110,032	637,734
Charge for the year	12,508	12,515	13,176	58,374	96,573
Disposals	(63,379)	(204,876)	(95,408)	(34,106)	(397,769)
At 31 December 2013	<u>79,809</u>	<u>63,368</u>	<u>59,061</u>	<u>134,300</u>	<u>336,538</u>
At 1 January 2014	79,809	63,368	59,061	134,300	336,538
Charge for the year	7,221	6,473	14,091	51,052	78,837
Disposals	0	0	0	(81,937)	(81,937)
At 31 December 2014	<u>87,030</u>	<u>69,841</u>	<u>73,152</u>	<u>103,415</u>	<u>333,438</u>
At 1 January 2015	87,030	69,841	73,152	103,415	333,438
Charge for the year	6,820	4,062	6,551	45,324	62,757
Disposals	0	0	0	(18,814)	(18,814)
At 31 December 2015	<u>93,850</u>	<u>73,903</u>	<u>79,703</u>	<u>129,925</u>	<u>377,381</u>
Net Book Value					
At 1 January 2013	<u>57,466</u>	<u>24,971</u>	<u>24,734</u>	<u>102,355</u>	<u>209,526</u>
At 31 December 2013	<u>39,162</u>	<u>23,107</u>	<u>14,520</u>	<u>94,995</u>	<u>171,784</u>
At 31 December 2014	<u>31,941</u>	<u>21,409</u>	<u>8,175</u>	<u>92,543</u>	<u>154,068</u>
At 31 December 2015	<u>25,121</u>	<u>17,347</u>	<u>2,957</u>	<u>116,772</u>	<u>162,197</u>

During the financial year ended 31 December 2015 the FB Holdings Group acquired £57,209 through non cash transactions on hire purchase agreements. The net book values of hire purchases agreements held under FB Holdings Group tangible fixed assets include an amount of £109,895 (2014: £87,620 and 2013: £85,518), with the related depreciation charge on these assets for the year were £35,134 (2014: £39,216 and 2013 £54,862).

12. Intangible assets

	<i>Goodwill</i>	<i>Development</i>	<i>Trade marks</i>	<i>Total</i>
	£	Costs £	£	£
Cost				
At 1 January 2013	1,171,365	99,939	1,653,860	2,925,164
Additions	0	27,125	0	27,125
At 31 December 2013	<u>1,171,365</u>	<u>127,064</u>	<u>1,653,860</u>	<u>2,952,289</u>
At 1 January 2014	1,171,365	127,064	1,653,860	2,952,289
Additions	0	0	0	0
At 31 December 2014	<u>1,171,365</u>	<u>127,064</u>	<u>1,653,860</u>	<u>2,952,289</u>
At 1 January 2015	1,171,365	127,064	1,653,860	2,952,289
Additions	13,500	0	74,991	88,491
At 31 December 2015	<u>1,184,865</u>	<u>127,064</u>	<u>1,728,851</u>	<u>3,040,780</u>
Amortisation				
At 1 January 2013		32,664	1,500,467	1,533,131
Charge for the year		41,045	153,393	194,438
At 31 December 2013		<u>73,709</u>	<u>1,653,860</u>	<u>1,727,569</u>
At 1 January 2014		73,709	1,653,860	1,727,569
Charge for the year		53,355	0	53,355
At 31 December 2014		<u>127,064</u>	<u>1,653,860</u>	<u>1,780,924</u>
At 1 January 2015		127,064	1,653,860	1,780,924
Charge for the year		0	0	0
At 31 December 2015		<u>127,064</u>	<u>1,653,860</u>	<u>1,780,924</u>
Net Book Value				
At 1 January 2013	<u>1,171,365</u>	<u>67,275</u>	<u>153,393</u>	<u>1,392,033</u>
At 31 December 2013	<u>1,171,365</u>	<u>53,355</u>	<u>0</u>	<u>1,224,720</u>
At 31 December 2014	<u>1,171,365</u>	<u>0</u>	<u>0</u>	<u>1,171,365</u>
At 31 December 2015	<u>1,184,865</u>	<u>0</u>	<u>74,991</u>	<u>1,259,856</u>

During the financial year ended 31 December 2015 the remaining 50 per cent. of Myhome Marketing Limited was acquired for a consideration of £95,452. The figures of £74,991 and £13,500 in additions in 2015 represent the fair value of Trademarks and Goodwill on acquisition respectively.

The acquisition occurred in September 2015 and no amortisation has been charged in the year of acquisition on the grounds of materiality.

Goodwill relates to two cash generating units (CGU's) Chips Away (carrying value £1,171,365) and Myhome Move (carrying value £13,500). The recoverable amount of each CGU is determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates and expected changes to operating results and cash flows during the period of five years from the statements of position date. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks in relation to the CGU. Changes in operating results and cash flows are based on past results and expectations of future performance. The FB Holdings Group prepares cash flow forecasts for the next two to five years derived from the most recent budget information.

The pre tax rate used to discount the forecast is 14.5 per cent.

The impairment review indicated that sensitising the cash flow downwards by 10 per cent. or applying a 20 per cent. discount rate would not indicate a need for impairment.

13. Subsidiaries

The subsidiaries of FB Holdings, which have been included in the consolidation financial information, is as follows:

<i>Name</i>	<i>Principal Activity</i>	<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
ChipsAway International Limited	Operation and Management of Franchisee Business	100%	100%	100%
Edwin Investments Limited	Operation and Management of Franchisee Business	100%	100%	100%
Oven Clean Domestic Limited	Operation and Management of Franchisee Business	100%	100%	100%
MyHome Marketing Limited	Operation and Management of Franchisee Business	50%	50%	100%
Oven Clean (Ontario) Limited	Operation and Management of Franchisee Business	100%	100%	100%
Alloy Rescue Limited	Operation and Management of Franchisee Business	100%	100%	100%
DentsAway Limited (Dormant)	Operation and Management of Franchisee Business	100%	100%	100%
Oven Clean Limited (Dormant)	Operation and Management of Franchisee Business	100%	100%	100%

FB Holdings acquired the remaining 50 per cent. of MyHome Marketing Limited on the 4 September 2015

The Directors consider the non-controlling interest to be immaterial to the FB Holdings Group.

The principal country and place of business of all the above companies is England and Wales.

14. Business Combination

Subsidiary acquired during 2015:

On the 4 September 2015 the FB Holdings Group acquired the remaining 50 per cent. of MyHome Marketing Limited.

Assets & liabilities acquired on the date of acquisition

	£
Trademarks	74,991
Trade and other receivables	41,873
Trade and other payables	(34,274)
Deferred Taxation	(13,500)
Cash in Bank	12,862
	<u>81,952</u>
Consideration paid in cash	95,452
Goodwill on acquisition	13,500

15. Inventories

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Finished goods and goods for resale	91,749	108,792	170,211

All amounts are carried at cost and therefore no amounts are carried at fair value less cost to sell.

16. Cash and cash equivalents

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Cash at bank and in hand	489,275	1,051,769	495,644
	<u>489,275</u>	<u>1,051,769</u>	<u>495,644</u>

17. Trade and other receivables

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Trade receivables	420,893	385,681	358,503
Bad Debt Provision	(275,358)	(147,072)	(177,032)
Other receivables	8,224	3,921	1,274
Total Financial assets other than cash and cash equivalents	153,759	242,530	182,745
Prepayments	90,153	63,170	65,871
Total current Trade and other receivables	<u>243,912</u>	<u>305,700</u>	<u>248,616</u>
Bad Debt Provision			
Brought forward	(177,153)	(275,358)	(147,072)
Provided for during the year	(63,587)	(35,477)	(45,323)
Utilised	(34,618)	163,763	15,363
Carried forward	(275,358)	(147,072)	(177,032)
The ageing of the Trade Receivables is as follows:			
Current	85,866	143,165	88,921
Between 1 & 3 months overdue	39,294	59,652	54,441
> 3 months overdue	20,375	35,791	38,109

18. Trade and other receivables; due in more than one year

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Trade receivables	76,524	103,152	114,914
Total non-current Trade and other receivables	<u>76,524</u>	<u>103,152</u>	<u>114,914</u>

19. Trade and other payables

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Current			
Trade payables	253,375	270,276	295,149
Accruals	223,084	190,538	226,877
Other	110,193	91,403	115,894
Social Security and other taxes	158,897	167,398	146,816
Total Trade and other payables	<u>745,549</u>	<u>719,615</u>	<u>784,737</u>

Carrying values approximate to fair value.

Obligations for Finance Leases ageing:

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Current	69,261	22,944	35,035
Non-Current	<u>41,910</u>	<u>78,716</u>	<u>105,899</u>
< one year	69,261	22,944	35,035
> one year but no later than five years	41,910	78,716	105,899
> five years	0	0	0
	<u>111,171</u>	<u>101,660</u>	<u>140,934</u>

Finance leases are secured on the assets to which they relate.

20. Loans and borrowings

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Current			
Shareholder loans	3,234,000	3,234,000	1,764,000
	<u>3,234,000</u>	<u>3,234,000</u>	<u>1,764,000</u>

21. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rates of 20 per cent. (2015) 21 per cent. (2014) and 23 per cent. in (2013).

The movement on the deferred tax account is as shown below:

	<i>Year ended 31 December 2013 £</i>	<i>Year ended 31 December 2014 £</i>	<i>Year ended 31 December 2015 £</i>
Accelerated Capital Allowances			
Opening balance	0	0	14,000
Arising on acquisition of subsidiary	0	0	13,500
Recognised in profit and loss	0	14,000	3,300
Closing balance	<u>0</u>	<u>14,000</u>	<u>30,800</u>

22. Share Capital

		<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
Ordinary shares of 1p each	12,000,000	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

23. Share-based payment

		<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
		<i>Number of Shares</i>	<i>Number of Shares</i>	<i>Number of Shares</i>
Outstanding EMI Share options @ £0.01		1,360,000	1,300,000	1,300,000
<i>Date of Grant</i>	<i>Period of Options</i>			
2011	June 2011 – June 2021	1,285,000	1,285,000	1,225,000
	Lapsed during the period		(60,000)	
		<u>1,285,000</u>	<u>1,225,000</u>	<u>1,225,000</u>
2013	June 2011 – June 2021	75,000	75,000	75,000
Price per share is £0.01		<u>1,360,000</u>	<u>1,300,000</u>	<u>1,300,000</u>

An option can only be exercised to the extent that it has vested in accordance with specific performance criteria which included improving both return to the shareholders and net profit growth.

The share options may only be exercised immediately prior to the sale, floatation or change of control of FB Holdings, save where the Directors resolve that the options may be exercised at an earlier date.

There is no charge to the financial statement under IFRS 2 in relation to this share options scheme as at the reporting date satisfying the contingency relating to the ability to exercise the share options was not considered probable.

24. Reserves

Retained earnings are the cumulative net profits in the consolidated statement of comprehensive income.

Movements on these reserves are set out in the consolidation statement of changes in equity.

25. Operating Leases

The FB Holdings Group leases its office premises and contract hire agreements on vehicles. The total value of minimum lease payments due until the end of the lease is payable as follows:

	<i>Year ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2015</i>
	£	£	£
< one year	28,171	135,838	102,848
> one year but no later than five years	76,902	180,386	102,635
> five years	<u>0</u>	<u>0</u>	<u>0</u>
	<u>105,073</u>	<u>316,224</u>	<u>205,483</u>

The FB Holdings Group maintains a leased property. The terms of the property lease are over a 10-year term which commenced on 27th October 2015, with a one-year break clause. During 2014 there was no such obligation.

26. Related party transactions

The following are payments to entities controlled by directors of FB Holdings.

		<i>Year ended</i> 31 December 2013 £	<i>Year ended</i> 31 December 2014 £	<i>Year ended</i> 31 December 2015 £
Mark Peters (Miserden Ltd)	Non Exec Fee	10,000	10,000	10,000
Mark Peters (Sherrards LLP)	Legal Services		9,000	
Mark Peters (Sherrards LLP)	Legal Services		2,668	
Julia Choudhury (Winsham Capital Partners Limited)	Non Exec Fee	10,000	14,167	10,000
Julia Choudhury (Winsham Capital Partners Limited)	Consultancy Service		62,000	30,000
Robin Auld (Auld Associates Limited)	Non Exec Fee	10,000	5,833	10,000
Robin Auld (Auld Associates Limited)	Consultancy Service	37,823	33,976	30,000
Nigel Wray (Brendon Street Investments Limited)	Non Exec Fee	10,000	10,000	10,000
Related party transactions		<u>77,823</u>	<u>147,644</u>	<u>100,000</u>

27. Reconciliation to previously published financial information

The 2015 statutory financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) with a transition date of 1 January 2013. The information below is an extract from the financial statements that reconcile the reported financial information with the historic financial information prepared under UK GAAP for the periods ending 31 December 2013 and 31 December 2014.

Correction of an error

Following a review of accounting policies, the FB Holdings Group has corrected an error in relation to recognition of revenue. Previously the FB Holdings Group had recognised deferred licence fee revenue on a cash basis. Following review of IAS 18 the FB Holdings Group has re-stated the accounts to recognise the full licence fee, to the extent that there is not a significant doubt over the collection, at the point the fee has been earned. In accordance with the FB Holdings Group's accounting policy Revenue has been earned on completion of the provision of relevant training to the franchisee,

The error has been corrected by re-stating the affected financial statement line items the prior period are as follows:

	2013 £	2014 £
Group		
Trade and other receivables	72,023	104,382
Income Tax	<u>(16,565)</u>	<u>(23,360)</u>
Net impact on Equity	<u>55,458</u>	<u>81,022</u>
Revenue – Sale of goods/services	72,023	32,359
Income tax expense on the above	<u>(16,565)</u>	<u>(6,795)</u>
Net impact on Profit for the year	<u>55,458</u>	<u>25,564</u>

Attributable to Equity holders of the parent company

Following a review of the Shareholder loans it was also identified there they do not contain specific repayments terms and have therefore been classified as due in less than one year rather than due in more than one year. This has resulted in no impact on Equity or profit or loss.

The above adjustments to previously reported financial statements did not arise as a result of the transition to IFRS and have been reflected in the UK GAAP columns of the tables below.

Transition to IFRS

Under IFRS, goodwill is not amortised as it was under UK GAAP. As a result, goodwill amortisation as previously presented under UK GAAP since 1 January 2013 has been reversed. This was the only material adjustment made to the UK GAAP financial statements in connection with the transition to IFRS.

At the transition date of 1 January 2013 there are no differences to equity arising as a result of the transition of UK GAAP to IFRS.

Reconciliations to IFRS of amount provided under previous GAAP are provided in the tables below for the latest period presented.

28. Transition to IFRS

	2013 UK GAAP £	IFRS 3 Adj £	2013 IFRS £	2014 UK GAAP £	IFRS 3 Adj £	2014 IFRS £
Revenue	4,693,862		4,693,862	4,351,255		4,351,255
Cost of Sales	1,611,141		1,611,141	1,509,750		1,509,750
Gross Profit	3,082,721		3,082,721	2,841,505		2,841,505
Administration	2,148,287		2,148,287	1,863,872		1,863,872
Goodwill Amortisation	401,150	206,712	194,438	260,067	206,712	53,355
Profit/(Loss) from Operations	533,284		739,996	717,566		924,278
Finance Income	3,203		3,203	2,920		2,920
Finance Expense	(8,420)		(8,420)	(4,221)		(4,221)
Profit before Tax	528,067		734,779	716,265		922,977
Tax Expenses	191,532		191,532	209,588		209,588
Profit from Continuing Operations	336,535	206,712	543,247	506,677	206,712	713,389

	2013 UK GAAP £	IFRS 3 Adj £	2013 IFRS £	2014 UK GAAP £	IFRS 3 Adj £	2014 IFRS £
Assets						
Non-Current Assets						
Intangible	1,018,008	206,712	1,224,720	757,941	413,424	1,171,365
Plant, Property and Equipment	171,784	0	171,784	154,068	0	154,068
Investments	50	0	50	50	0	50
Other Receivables	76,524	0	76,524	103,152	0	103,152
	<u>1,266,366</u>	206,712	<u>1,473,078</u>	<u>1,015,571</u>	413,424	<u>1,428,635</u>
Total Assets	<u>2,091,302</u>	206,712	<u>2,298,014</u>	<u>2,481,472</u>	413,424	<u>2,894,896</u>
NET LIABILITIES	<u>(2,188,157)</u>	206,712	<u>(1,981,445)</u>	<u>(1,681,480)</u>	413,424	<u>(1,268,056)</u>
Issued Capital and Reserves attributable to Owners of parent company						
Share Capital	120,000	0	120,000	120,000	0	120,000
Retained Earnings	<u>(2,308,157)</u>	206,712	<u>(2,101,445)</u>	<u>(1,801,480)</u>	413,424	<u>(1,388,056)</u>
TOTAL EQUITY	<u>(2,188,157)</u>	<u>206,712</u>	<u>(1,981,445)</u>	<u>(1,681,480)</u>	<u>413,424</u>	<u>(1,268,056)</u>

The transition to IFRS did not impact on the reported cash flows of the Group.

PART IV
ADDITIONAL INFORMATION

1. THE GROUP

- 1.1 The Company was incorporated and registered in England and Wales on 15 July 2016 under the Act as a public company limited by shares with registration number 10281033 with the name FB Holdings plc. On 15 July 2016 the Company acquired the entire issued share capital of Franchise Brands Limited (now FB Holdings Limited), the previous holding company of the Group. On 15 July 2016 the Company changed its name to Franchise Brands plc.
- 1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.3 The Company's registered office and principal place of business is at 5 Edwin Avenue, Hoo Farm Industrial Estate, Kidderminster, Worcestershire DY 11 7RA. The telephone number at the Company's principal place of business is +44 (0) 800 012 6462.
- 1.4 The principal activity of the Company is that of a holding company of a group of companies engaged in franchising and related activities.
- 1.5 The Company has the following subsidiary undertakings:

<i>Company</i>	<i>Activity</i>	<i>Place of Incorporation</i>	<i>Percentage Holding (%)</i>
FB Holdings Limited	Intermediate Holding Company	England and Wales	100
ChipsAway International Ltd	Franchising	England and Wales	100
Oven Clean Domestic Limited	Franchising	England and Wales	100
Alloy Rescue Limited	Franchising	England and Wales	100
Oven Clean (Ontario) Limited	Franchising	England and Wales	100
Edwin Investments Limited	Investment company	England and Wales	100
MyHome Marketing Limited	Licensor of cleaning services	England and Wales	100
Oven Clean Limited	Dormant	England and Wales	100
DentsAway Limited	Dormant	England and Wales	100

- 1.6 The Directors are listed in paragraph 4 of this Part IV. The secretary of the Company is Mark Andrew Peters. The business address of each of the Directors and the secretary is 5 Edwin Avenue, Hoo Farm Industrial Estate, Kidderminster, Worcestershire DY11 7RA.

2. SHARE CAPITAL

- 2.1 Set out below are details of the issued and credited as fully paid share capital of the Company (i) as at the date of this document and (ii) as it will be immediately on Admission, following the Fundraising:

<i>Before Admission</i>			<i>On Admission</i>		
<i>Class of Share</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Class of Share</i>	<i>Number</i>	<i>Nominal Value</i>
Ordinary Shares	36,514,032	£182,570.16	Ordinary Shares	47,120,093	£235,600.465

- 2.2 On incorporation, the share capital of the Company was £60,856.72 being 12,171,344 ordinary shares of £0.005 each, all of which were issued fully paid to the subscribers to the Company's memorandum of association.
- 2.3 On 15 July 2016, pursuant to the share exchange agreement referred to in paragraph 8.1.7 of this Part IV below, the Company issued and allotted a further 24,342,688 ordinary shares of £0.005 each as consideration for the acquisition of the issued share capital of Franchise Brands Limited.

- 2.4 By or pursuant to resolutions of the Company passed on 1 August 2016 pursuant to which the Placing Shares and the Subscription Shares will be issued:
- 2.4.1 the Directors were generally and unconditionally authorised pursuant to section 551 of the Act to exercise all and any powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into shares of the Company up to a maximum nominal amount of £170,830.54 being the sum of the Placing Shares, the Subscription Shares and approximately 50 per cent. of the issued share capital of the Company upon Admission. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and
- 2.4.2 the Directors were given power pursuant to section 570 of the Act (with such power expiring at the same time as the authority referred to in paragraph 2.4.1 above (the “**Section 551 Authority**”)) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the Section 551 Authority as if section 561 of the Act did not apply to any such allotment save that the power was limited to:
- 2.4.2.1 the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Ordinary Shares held by them; and
- 2.4.2.2 the allotment (otherwise than pursuant to paragraph 2.4.2.1 above) for cash of equity securities up to an aggregate nominal amount of £88,370.37, being the sum of the Placing Shares, the Subscription Shares and approximately 15 per cent. of the issued share capital of the Company upon Admission.
- 2.5 The Placing and the Subscription will result in the issue of a total of 10,606,061 new Ordinary Shares on Admission.
- 2.6 Save as set out in paragraph 10 of this Part IV, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
- 2.7 The Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

3. ARTICLES OF ASSOCIATION

The Articles, which were adopted by the Company upon incorporation on 15 July 2016, contain provisions, *inter alia*, in respect of the Ordinary Shares, general meetings of the Company and the directors to the following effect:

3.1 Objects

The articles of association of the Company contain no restrictions on the activities of the Company.

3.2 Voting rights

Subject to any rights or restrictions attached to any class of shares, from time to time on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall upon a show of hands have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 793 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

3.3 Major shareholders

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those conferred on the holders of Ordinary Shares as described in paragraph 3.2 above.

Pursuant to Rule 5.1 of the Disclosure Guidance and Transparency Rules, holders of three per cent. or more of the nominal value of the Company's share capital is required to notify their holdings in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the Disclosure Guidance and Transparency Rules requires that this is also notified to the Company by the shareholder.

3.4 General meetings

An annual general meeting shall be held in every year, within six months of the previous accounting period end.

Subject to a member's right to requisition a general meeting pursuant to section 303 of the Act, general meetings of the Company are convened at the discretion of the board, and with the exception of the annual general meeting, all such general meetings of the Company shall be general meetings.

An annual general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. All general meetings shall be called by at least 14 clear days' notice to the Company regardless of the type of resolution being passed (under section 307(1) of the Act). A notice must be served on a member in accordance with the provisions of the Act, that is, in hard copy form, or where the member has consented or is deemed to have consented under the Act, in electronic form or via a website. If the notice contains an electronic address for the Company, a member may send any document or information relating to the relevant general meeting to that electronic address. Notice shall be given to all members and the directors and the auditors.

A notice sent to a member by electronic communication shall be deemed to be served on the day it was sent. A notice sent by post to an address in the United Kingdom shall be deemed served one day after (or two days after if sent by second class mail) the date of posting.

3.5 Alteration of share capital

The Company may, from time to time, by ordinary resolution increase its share capital, by the creation of new shares such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution may prescribe. Subject to such privileges, priorities or conditions as are or may be attached thereto, all new shares shall be subject to the same provisions in all respects as if they had been part of the original capital. The Company may by ordinary resolution consolidate and divide its shares, or any of them, into shares of a larger amount. The Company may by ordinary resolution divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may, by ordinary resolution, cancel any shares which at the date of the passing of the resolution have not been taken (or are subject to agreement to take) and diminish the amount of its share capital by the nominal amount of the shares so cancelled. The Company may, from time to time, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by the Act and the rights attached to existing shares. In accordance with the provisions of Act, the Company may purchase its own shares (including redeemable shares).

3.6 Variation of rights

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

3.6.1 in such a manner (if any) as may be provided by the rights attaching to such class; or

3.6.2 in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. At any such separate meeting at least two members present in person or by proxy holding or representing at least one third of the issued shares of the class in question shall be a quorum.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by the Articles or the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares. A purchase or redemption by the Company of any of its own shares in accordance with the provisions of the Statutes and of the Articles shall not be deemed to be a variation of the rights attaching to any shares.

3.7 Redemption

The Company may, by special resolution and subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

3.8 Conversion

The Company may from time to time, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and may from time to time in like manner reconvert such stock into fully paid up shares of the same class and denomination.

3.9 Distribution of assets on a winding up

In the event of liquidation of the Company the holders of shares are entitled *pari passu* to any surplus dividends. A liquidator may, with the sanction of a special resolution, divide the assets among the members in specie.

3.10 Transfer of shares

The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation and the Company shall register any such transfer in accordance with the Statutes.

Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form approved by the directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.

The directors may, in their absolute discretion (but subject to any rules or regulations of the London Stock Exchange or any rules published by the FCA applicable to the Company from time to time) and without assigning any reason therefore, refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and/or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

3.11 Dividends and other distributions

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends to be paid to the members according to their respective rights and interests in the profits of the Company, but not exceeding the amount recommended by the directors.

No dividends or moneys payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The directors may (subject to the Statutes) pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

A liquidator may, with the sanction of an ordinary resolution, divide the assets among the members in specie. The directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors.

The directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive new Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

All unclaimed dividends, interest or other sums payable on or in respect of a share may, be invested or otherwise made use of by the directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

3.12 Borrowing powers

Subject to the provisions of the Act and as provided in the Articles, the directors may exercise all the powers of the Company to borrow or raise money, to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue bonds, debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party, in each case on such terms as they may in their absolute discretion think proper.

The directors shall restrict the borrowings of the Company and the borrowings of any of its subsidiary undertakings and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount for the time being outstanding (after adjustments provided for in the Articles) at any one time owing by the Group (being the Company and all its subsidiary undertakings from time to time) in respect of monies borrowed, exclusive of moneys borrowed by the Company or any of its subsidiary undertakings from any other of such companies, as determined in accordance with the Articles, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed the greater of £25,000,000 or an amount equal to three times the aggregate of:

- 3.12.1 the amount paid up on the Company's issued share capital; and
- 3.12.2 the total amount standing to the credit of the consolidated reserves of the Group whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and profit and loss account as shown in a consolidation of the latest audited balance sheets of the Group but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

3.13 Constitution of board of directors

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall not be subject to any maximum. No shareholder qualification is required of any director.

3.14 Retirement of directors by rotation

At every annual general meeting, any director appointed by the directors since the last annual general meeting and any director who was not appointed or reappointed at one of the previous two annual general meetings shall retire and offer themselves for reappointment by the members.

3.15 Remuneration of directors

The fees to be paid to the directors shall be determined by the Remuneration Committee of the Company from time to time. Such fees shall be divided among such directors in such proportion or manner as may be determined by the directors and, in default of determination, equally. A fee payable to a director pursuant to the Articles is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles and accrues from day to day.

Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as director including any expenses incurred in connection with his attendance at meetings of the directors or committees of the directors of the Company or otherwise in the discharge of his duties as a director.

Any director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

3.16 Permitted interests of directors

Subject to the provisions of the Statutes, a director is not disqualified from his office by entering into any contract, arrangement, transaction or proposal with the Company in any manner, nor is any contract, arrangement, transaction or proposal in which he is interested or in which he has entered into by or on behalf of the Company in which any director or person connected with him is in any way interested, whether directly or indirectly, liable to be avoided, and any director who enters into any such contract, arrangement, transaction or proposal or is so interested is not liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal by reason of the director holding that office or of the fiduciary relationship thereby established but the nature and extent of his interest shall be disclosed by him in accordance with the provisions of the Statutes.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may act by himself or through his firm in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

3.17 Restrictions on voting by directors

Save as provided below, a director shall not vote on or in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).

A director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- 3.17.1 the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- 3.17.2 the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed

responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- 3.17.3 any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
 - 3.17.4 any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and where as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Act) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
 - 3.17.5 any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a retirement, death or disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs for taxation purposes or does not accord to any director as such any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
 - 3.17.6 any proposal concerning for the grant, purchase and/or maintenance of insurance against any liability of any directors.
- 3.18 Squeeze-out rules, sell-out rules and takeover bids
- 3.18.1 Squeeze-out
Under the Act, if an offeror makes a takeover offer for the Company and successfully acquired (or unconditionally contracted to acquire) 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights carried by those shares, it could then compulsorily acquire the remaining shares. It would do so by sending a notice to outstanding Shareholders, within three months of the last day of which the offer can be accepted, telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.
 - 3.18.2 Sell-out
The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the shares in the Company and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. in value of all voting shares in the Company, which carry not less than 90 per cent. of the voting rights, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.
 - 3.18.3 There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

4. DIRECTORS' INTERESTS

4.1 The following persons are directors of the Company:

Stephen Hemsley (*Executive Chairman*)
 Tim Harris (*Chief Executive Officer*)
 Andrew Mallows (*Finance Director*)
 Julia Choudhury (*Corporate Development Director*)
 Robin Auld (*Marketing Director*)
 Nigel Wray (*Non-Executive Director*)
 David Poutney (*Non-Executive Director*)
 Rob Bellhouse (*Non-Executive Director*)

4.2 As at the date of this document and immediately following Admission, the interest of the Directors in the issued share capital of the Company (including related financial products as defined in the AIM Rules for Companies), including the interests of each Director's family (which shall bear the meaning given to it as set out in the AIM Rules for Companies) (all of which are beneficial), the existence of which is known or which could, with reasonable diligence, be ascertained by a Director are, and on Admission, will be, as follows:

<i>Director</i>	<i>At the date of this document</i>		<i>Upon Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Placing Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Stephen Hemsley ⁽¹⁾	13,000,431	35.60	0	13,000,431	27.59
Tim Harris	969,459	2.66	30,303	999,762	2.12
Andrew Mallows	0	0	303,030	303,030	0.64
Julia Choudhury ⁽²⁾	404,169	1.11	606,060	1,010,229	2.14
Robin Auld ⁽³⁾	530,094	1.45	378,788	908,882	1.93
Nigel Wray ⁽⁴⁾	14,080,434	38.56	0	14,080,434	29.88
David Poutney ⁽⁵⁾	0	0	606,060	606,060	1.29
Rob Bellhouse	0	0	45,455	45,455	0.10

1. Included in the holding of Stephen Hemsley are 1,570,431 Ordinary Shares held by his wife, Sharon Hemsley and 3,000,000 Ordinary Shares held by CTG Investment Limited, a company owned by a discretionary trust of which Mr Hemsley and his family are potential beneficiaries.
2. Included in the holding of Julia Choudhury are 381,819 Ordinary Shares held jointly with her husband, Robin Choudhury and 303,030 Ordinary Shares held by her Self Invested Personal Pension.
3. Included in the holding of Robin Auld are 75,758 Ordinary Shares to be held by his Self Invested Personal Pension.
4. Included in the holding of Nigel Wray are 14,026,380 Ordinary Shares held by Damor Investments Limited acting as nominee for RBC Trustees (CI) Limited as trustee of Mr Wray's family trust.
5. Held as to 50 per cent. via his Self Invested Personal Pension and 50 per cent. via his wife's Self Invested Personal Pension.

4.3 Save as disclosed above, and with regards to options in paragraph 10.16 of this Part IV, none of the Directors nor any member of his immediate family or any person connected with him holds or is beneficially or non-beneficially interested directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company.

4.4 In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

4.5 There are no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Directors were selected as member(s) of the Board.

4.6 There are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided by any member of the Group for the benefit of the Directors.

4.7 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Group and which was effected by the

Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

5. DIRECTORS' TERMS OF APPOINTMENT

5.1 The Company has entered into the agreements and letters of appointment described at paragraphs 5.1.1 to 5.1.8 below:

- 5.1.1 a service agreement dated 1 August 2016 between (1) the Company and (2) Stephen Hemsley whereby Stephen Hemsley was appointed as Executive Chairman of the Company with effect from Admission. The service agreement may be terminated by either party serving at least six months' written notice on the other. The agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Stephen Hemsley is £35,000 per annum to be reviewed annually (without any obligation to increase the same). The service agreement contains restrictive covenants for a period of 12 months following termination of employment;
- 5.1.2 a service agreement dated 1 August 2016 between (1) the Company and (2) Tim Harris whereby Tim Harris was appointed as Chief Executive Officer of the Company with effect from Admission. The service agreement may be terminated by either party serving at least nine months' written notice on the other. The service agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Tim Harris is £108,000 per annum to be reviewed annually (without any obligation to increase the same). In addition the agreement provides for Tim Harris to receive certain benefits, including healthcare, death in service, a monthly car allowance and a 12 per cent. pension contribution. The service agreement contains restrictive covenants for a period of 12 months following termination of his employment;
- 5.1.3 a service agreement dated 1 August 2016 between (1) the Company and (2) Andrew Mallows whereby Andrew Mallows was appointed as Chief Financial Officer of the Company with effect from Admission. The service agreement may be terminated by either party serving at least six months' written notice on the other. The service agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Andrew Mallows is £60,000 per annum to be reviewed annually (without any obligation to increase the same). The service agreement contains restrictive covenants for a period of 12 months following termination of his employment;
- 5.1.4 a letter of appointment dated 1 August 2016 between (1) the Company and (2) Nigel Wray whereby Nigel Wray was appointed as Non-Executive Director of the Company with effect from Admission. The agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least three months' written notice on the other. The agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual fee payable to Nigel Wray is £10,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- 5.1.5 a service agreement dated 1 August 2016 between (1) the Company and (2) Julia Choudhury whereby Julia Choudhury was appointed as Corporate Development Director of the Company with effect from Admission. Julia Choudhury's employment is based on an average of 25 hours' work per week. The service agreement may be terminated by either party serving at least six months' written notice to the other. The service agreement contains

provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Julia Choudhury is at the rate of £40,000 per annum to be reviewed annually without any obligation to increase the same. The service agreement contains restrictive covenants for a period of 12 months following termination of employment;

- 5.1.6 a service agreement dated 1 August 2016 between (1) the Company and (2) Robin Auld whereby Robin Auld was appointed as Marketing Director of the Company with effect from Admission. Robin Auld's employment is based on an average of 25 hours' work per week. The service agreement may be terminated by either party serving at least six months' written notice to the other. The service agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the service agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual salary payable to Robin Auld is at the rate of £40,000 per annum to be reviewed annually without any obligation to increase the same. The service agreement contains restrictive covenants for a period of 12 months following termination of employment;
- 5.1.7 a letter of appointment dated 1 August 2016 between (1) the Company and (2) David Poutney whereby David Poutney was appointed as Non-Executive Director of the Company with effect from Admission. The agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least three months' written notice on the other. The agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual fee payable to David Poutney is £15,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- 5.1.8 a letter of appointment dated 1 August 2016 between (1) the Company and (2) Rob Bellhouse whereby Rob Bellhouse was appointed as Non-Executive Director of the Company with effect from Admission. The agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least three months' written notice on the other. The agreement contains provisions for early termination in the event, *inter alia*, of a breach of a material term of the agreement by the director and, where such breach is capable of remedy, the director fails to remedy the breach within 30 days of notice provided by the Board or where the director ceases to be a director of the Company for any reason. The basic annual fee payable to Rob Bellhouse is £15,000 per annum to be reviewed annually (without any obligation to increase the same). There is no right to any further benefits;
- 5.2 Save as set out in paragraph 5.1 of this Part IV there are no service contracts or consultancy agreements between any of the Directors and the Company or any of its subsidiaries and no such contract has been entered into or amended or replaced within the six months preceding the date of this document and no such contracts are proposed.
- 5.3 The Directors receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.
- 5.4 Other than as disclosed in this paragraph 5, no member of the Group is party to any service contract with any of the Group's directors which provides for benefits on the termination of any such contract.
- 5.5 No Director has any accrued pension or retirement benefits.
- 5.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 5.7 In the year ended 31 December 2015, the total aggregate remuneration paid, and benefits-in-kind granted, to the Directors was £263,000. The amounts payable to the Directors by the Group under the arrangements in force at the date of this document in respect of the year ending 31 December 2016 are estimated to be £332,000 (excluding any discretionary payments which may be made under these arrangements).

6. ADDITIONAL INFORMATION ON THE DIRECTORS

6.1 Other than directorships of companies within the Group, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Tim Harris	Globecomm Marine UK Limited	None
Nigel Wray	18 Cavendish Square Limited Annabel Karmel Group Holdings Limited BM Holdco Limited Brendon Street Investments Limited Brendon Street Securities Limited Moneypitch Company Limited Saracens Limited Syncbeam Limited Prestbury Investment Holdings Limited Chapel Down Group Plc (formerly English Wines Group Plc) PIHL Property Holdings Limited PIHL Property LLP PIHL Equity LLP PIHL Equity Assessments Limited PIHL Equity Holdings Limited PIHL Property Administration Limited PIHL Equity Administration Limited Saracens Property Investments LLP Prestbury Two LLP Prestbury (Scotland) Limited Partnership Prestbury 1 Limited Partnership Prestbury Managers LLP Prestbury Investments LLP Prestbury Investment Holdings Limited Premier Team Holdings Limited Premier Team Promotions Limited Lesray LLP Ebiox Limited MyHome Holdings Limited Torridon Capital Limited	Platbay Limited (dissolved) Torridon (Gibraltar) Limited Lean Forward Limited (in administration) Networkers International Limited Networkers International (UK) Plc Domino's Pizza Group Plc RT Marketing Limited Seymour Pierce Holdings Limited (in administration) Global Sports Foundation (now called Beyond Sport Foundation) Environ Group (Investments) Plc Sonoma Limited Play Holdings Limited

<i>Director</i>	<i>Current</i>	<i>Past</i>
Nigel Wray (<i>continued</i>)	Foundation For Leadership Through Sport Company Saracens Coptall LLP Eurobeck Limited Euroblue Investments Limited Apogee Group Limited Hy-Pro Group Limited Hy-Pro International Limited Hera Investments Limited Juno Investments Limited Lesray Holdings Limited Glengrace Limited Wey Bridging Limited (in liquidation)	
Robin Auld	Auld Associates Limited	Wood Green Animal Shelters Deliverance Limited
Julia Choudhury	Paladin Partners Ltd Winsham Capital Partners Limited	None
Andrew Mallows	None	None
Stephen Hemsley	Domino's Pizza UK & Ireland Limited Domino's Pizza Group Plc Full House Restaurants Limited DPG Holdings Limited Waverton Property LLP Mariquita LLP Palladio Property Limited Cranham Properties Limited Full House Restaurants Holdings Limited Solent Capital Partners Limited Rowborough Shooting Club Limited Wey Bridging Limited (in liquidation)	DP Realty Limited DP Group Developments Limited DP Capital Limited DP Newcastle Limited DP Milton Keynes Limited Mungo Park Limited Dominoid Limited Domino's Leasing Limited Live Bait Limited American Pizza Company Limited (The)
David Poutney	Be Heard Group plc	Numis Corporation plc Numis Securities Limited
Rob Bellhouse	Governance Professionals Limited	D A Hall Trading Limited DAHT Limited Domino's Leasing Limited Domino's Pizza UK & Ireland Limited Domino's Pizza West Country Limited DP Capital Limited DPG Holdings Limited DP Group Developments Limited

Director

Rob Bellhouse (*continued*)

Current

Past

DP Newcastle Limited
DP Realty Limited
MLS Limited
Domino's Pizza (Isle of Man) Limited
ACGE Investments Limited
The African Investment Trust, Limited
AfriOre Limited
AfiOre Botswana (PTY) Limited
AfiOre Exploration (Namibia) (PTY) Limited
AfiOre International (Barbados) Limited
AfiOre Kenya Limited
AfiOre Precious Metals Holdings Inc.
Gabon Mining Corporation
Greataward Limited
Kwagga Gold (Barbados) Limited
London Australian & General Property Company Limited
London City & Westcliff Properties Limited
Lonmin Bahamas Hotels Limited
Lonmin Finance Limited
Canada Inc 4321677 (previously Lonmin Investments Canada Inc)
Canada Inc 6529241 (previously Lonmin Investments Canada Inc)
Lonmin Mining Company Limited
Lonmin Mining Supplies Limited
Lonmin Mozambique Oil Holdings Limited
Lonmin (Northern Ireland) Limited
Lonmin Textiles Limited
Lonwest Properties Limited
LSA (U.K.) Limited
Metals Technology Inc.
MNG Investments Limited
Plat-Tech PTY Limited
Scottish and Universal Investments Limited
Societe Gabonaise de Développement Minier
Southern Platinum (Cayman Islands) Corp.

<i>Director</i>	<i>Current</i>	<i>Past</i>
Rob Bellhouse (<i>continued</i>)		TOBS Limited Topmast Estates Limited Western Metal Sales Limited

- 6.2 Save as disclosed in paragraph 6.3 below, none of the Directors has:
- 6.2.1 any unspent convictions in relation to indictable offences;
 - 6.2.2 been subject to any bankruptcies or individual voluntary arrangements;
 - 6.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;
 - 6.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months preceding such events;
 - 6.2.6 been publicly criticised by any statutory or regulatory authorities (including designated professional bodies); or
 - 6.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.3 Stephen Hemsley and Nigel Wray were directors of Wey Bridging Limited (registered number 05764687), a company which provided loans to property developers and investors. It entered into administration on 25 November 2010 and passed into a creditors' voluntary liquidation on 2 November 2011. As a result of legal proceedings brought by Mr Hemsley and others against certain directors of Wey Bridging Limited and their associates, a High Court judgment was made in July 2013 of fraudulent activities by the defendants. There are ongoing civil and criminal investigations against the defendants and others.

Mr Hemsley was a director of Clean Team (Windows) Limited (registered number 05014305) when the company was put into a voluntary creditors' liquidation on 5 May 2009. According to a statement of affairs dated 5 May 2009, the company as at that date estimated a deficiency to creditors of approximately £178,712. The estimated total deficiency as regards members was approximately £178,718.

Mr Hemsley was a director of MyHome Systems Ltd (registered number 04459072) when the company was put into administration on 16 January 2009. According to a statement of affairs dated 21 May 2009, the company as at the date of administration estimated a deficiency to creditors of approximately £3,254,433. The estimated total deficiency as regards members was approximately £3,254,434.

Mr Hemsley was a director of Webb Computer Services Limited (registered number 02779833), Webb Corporation Limited (registered number 02961335) and Webb International Limited (registered number 02964352) when an administrative receiver was appointed to the companies in August 1997.

Mr Wray was a director of Lean Forward Limited (registered number 05892768) until 27 August 2015. The company went into administration on 30 June 2016.

Mr Wray was a director of Seymour Pierce Holdings Limited (registered number 04719360) until 31 May 2012. The company went into administration on 8 February 2013.

Mr Wray was a director of Environ Group (Investments) Plc (registered number 05341974) (formerly Southern Bear plc until 9 September 2010) until 7 February 2012. The company was placed into administration on the following day. According to a statement of affairs dated 18 March 2012, the company as at the date of administration estimated a deficiency to creditors of approximately £5,779,416. The estimated total deficiency as regards members was approximately £11,348,963.

Mr Wray was a director of British Seafood Distribution Group Holdings Limited (registered number 06451732) when the company went into administration on 1 March 2010. According to a statement of affairs dated 19 April 2010, the company as at the date of administration estimated a deficiency as regards members of approximately £6,142,841.

Mr Wray was a director of Oakdene Homes plc (registered number 03608522) until 23 January 2009. The company was placed into administration on the same date. According to a statement of affairs dated 28 August 2009, the company as at the date of administration estimated a deficiency to creditors of approximately £49,791,282. The estimated total deficiency as regards members was approximately £50,293,139.

Mr Wray was a director of Degwell Properties Limited until dissolution of the company on 25 June 1981. Prior to its dissolution, the company had been the subject of a receivership.

Mr Wray was a director of Landfall Securities (Andover) Limited until dissolution of the company on 1 May 1981. Prior to its dissolution, the company had been the subject of a receivership.

- 6.4 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Group and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.
- 6.5 None of the Directors nor any member of a Director's family is interested in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary shares, including a contract for differences or a fixed odds bet.

7. MAJOR SHAREHOLDERS

- 7.1 Insofar as is known to the Company and in addition to the holdings of the Directors disclosed in paragraph 4 above, the following persons hold, as at the date of this document, and are expected (based on the information available as at the date of this document), on Admission, to hold directly or indirectly three per cent. or more of the Enlarged Share Capital:

<i>Shareholder</i>	<i>Current</i>		<i>On Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Netcap Limited	3,000,000	8.22	3,000,000	6.37

- 7.2 None of the Company's major holders of Ordinary Shares listed above has voting rights different from the other holders of Ordinary Shares.
- 7.3 Save as disclosed in paragraph 4 above and in this paragraph 7, and insofar as is known to the Company, the Directors are not aware of any person or persons who either alone or, if connected jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company.
- 7.4 Save as far as is known to the Directors, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

8. MATERIAL CONTRACTS

The following contracts (a) have been entered into by the Group within the two years immediately preceding the date of this document, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Group which are material or contain, or may contain, provisions under which any member of the Group has an obligation or entitlement which is material to the Group:

- 8.1.1 the Placing Agreement, further details of which are contained in paragraph 11 of this Part IV;
- 8.1.2 the Lock-in Agreements, further details of which are contained in paragraph 11.3 of this Part IV;
- 8.1.3 the Orderly Market Agreement, further details of which are contained in paragraph 11.4 of this Part IV;
- 8.1.4 an agreement dated 1 August 2016 made between (1) the Company and (2) Allenby Capital, whereby, conditional upon Admission, Allenby Capital has agreed to act as nominated adviser and joint broker to the Company for a minimum period of 12 months from Admission. The agreement is subject to termination on three months' notice by either party at any time after the initial 12 month period;
- 8.1.5 an agreement dated 1 August 2016 made between (1) the Company and (2) Dowgate Capital, whereby conditional upon Admission, Dowgate Capital agreed to act as joint broker to the Company for a minimum period of 12 months from Admission. The Company will pay Dowgate Capital's out of pocket expenses. The agreement is subject to termination on three months' notice by either party at any time after the initial 12 month period;
- 8.1.6 the Loan Note Instrument, further details of which are contained in paragraph 13 of this Part IV;
- 8.1.7 a share exchange agreement dated 15 July 2016 made between Stephen Hemsley and others (being the shareholders in Franchise Brands Limited at that date) (1) and the Company (2) pursuant to which the Company acquired the entire issued share capital of Franchise Brands Limited in exchange for ordinary shares in the capital of the Company in the same proportions as their shares in Franchise Brands Limited;
- 8.1.8 the Relationship Agreement dated 1 August 2016 made between (1) the Company, (2) Allenby Capital, (3) Nigel Wray and (4) Stephen Hemsley pursuant to which each of Nigel Wray and Stephen Hemsley undertook to the Company that, for so long as they, individually or together, are entitled to exercise 25 per cent. or more of the rights to vote at general meetings of the Company or control the appointment of directors who are able to exercise a majority of votes at board meetings of the Company, (*inter alia*) they will conduct all business with the Group on arm's length terms and on a normal commercial basis and not take any action which precludes or inhibits the Group from carrying on its business independently from them. The Relationship Agreement is conditional on Admission. Further details of the Relationship Agreement are contained in paragraph 21 of Part 1 of this document.

9. UNITED KINGDOM TAXATION

- 9.1 The following paragraphs are intended as a general guide only and are based on current United Kingdom legislation and HMRC practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). Except where the position of non-United Kingdom resident shareholders is expressly referred to, these comments deal only with the position of shareholders who are resident and, in the case of individuals domiciled, in the United Kingdom for tax purposes, who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. They do not deal with the position of certain classes of shareholders such as dealers in securities, financial institutions, tax exempt organisations and holders that hold (either directly or indirectly) 10 per cent. or more of the shares in the Company. The following paragraphs are not exhaustive and are intended as a general guide only.
- 9.2 Any person who is in any doubt as to his or her own tax position, or is subject to taxation in a jurisdiction other than the United Kingdom, is strongly recommended to consult their professional tax adviser.
- 9.3 The comments in this section are intended as a general guide to current United Kingdom tax law and to the current published practice of HMRC as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as

express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

- 9.3.1 Non-UK resident and non-UK domiciled Shareholders should consult their own tax advisers.
- 9.3.2 The position of Shareholders who are officers or employees of the Company is not considered in this section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.
- 9.3.3 The tax position of certain Shareholders who are subject to special rules such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any Shareholder who has any doubt as to his or her tax position regarding the acquisition, ownership and disposition of the Ordinary Shares or who is subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.
- 9.4 Taxation of Chargeable Gains
- 9.4.1 For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.
- 9.4.2 The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.
- 9.4.3 A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are not UK tax resident.

Individuals

- 9.4.4 Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£11,100 for 2016/17) and after taking account of any exemptions and reliefs available to the individual.
- 9.4.5 For individuals, the starting rate for capital gains tax is 10 per cent. This rate applies where the individual's income and gains are less than the upper limit of the income tax basic rate band after taking into account the individual's personal allowance. The basic rate band for 2016/17 is £32,000. The amount of the personal allowance for 2016/17 is £11,000. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.
- 9.4.6 For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2016/17, £11,100 for personal representative of deceased persons and trustees for disabled persons and £5,550 for other trustees) will be charged at a flat rate of 20 per cent.
- 9.4.7 Where a Shareholder disposes of the Ordinary Shares at a loss, the loss may be available to offset against other current year gains or carried forward to offset against future gains.

Companies

- 9.4.8 Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to corporation tax on a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that

company which is currently 20 per cent.. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

9.5 Taxation of Dividends

9.5.1 No tax is required to be withheld from dividend payments made by the Company.

Individuals

9.5.2 An individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant financial year does not exceed £5,000 will not pay any income tax on such dividend.

9.5.3 An individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant tax year does exceed £5,000 will be taxed as follows:

9.5.3.1 the individual Shareholders will not pay income tax on the first £5,000 of dividend income in any tax year;

9.5.3.2 to the extent that the individual's Total Income (as defined below) exceeds the personal allowance but does not exceed the basic rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 7.5 per cent.;

9.5.3.3 to the extent that the individual's Total Income (as defined below) exceeds the basic rate band but does not exceed the higher rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 32.5 per cent.

9.5.3.4 to the extent that the individual's Total Income (as defined below) falls within the additional rate band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 38.1 per cent.

9.5.3.5 Total Income means the total of the individual's dividend income and other taxable income for a tax year; and

9.5.3.6 Excess Dividend means the total of that individual's dividend income in that tax year less £5,000.

9.5.4 For the year 2016/17, the basic rate band is the first £32,000 of income in excess of any personal allowance, the higher rate band is income between £32,001 and £150,000 in excess of any available personal allowance and the additional rate band applies to income in excess of £150,000.

9.5.5 Where an individual's taxable income exceeds £100,000, their personal allowance is abated by £1 for every £2 of income such that individuals with income in excess of £122,000 will have no personal allowance.

9.5.6 Trustees of interest in possession trusts and representatives of deceased persons receiving dividends from shares are also liable to account for income tax at a rate of 7.5 per cent., unless the dividends are mandated directly to beneficiaries in which case only the beneficiaries need to account for the income. In either case, the beneficiaries will be taxable at the rates detailed in 10.5.3. Trustees and personal representatives do not qualify for the £5,000 dividend allowance available to individuals.

Companies

9.5.7 Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to tax on dividends from the Company.

9.5.8 Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an

exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

9.6 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

9.6.1 No stamp duty or SDRT will be levied on the issue of Ordinary Shares in registered form.

9.6.2 The transfer of Shares quoted on the small companies markets, such as AIM and the ISDX Growth Market are not subject to SDRT or stamp duty. Accordingly, so long as the Ordinary Shares are quoted on AIM, no stamp duty or SDRT will be payable on their transfer.

9.7 Inheritance Tax

9.7.1 Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (“IHT”) on the value of any Ordinary Shares held by them. IHT may also apply to individual Shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

9.7.2 Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

9.7.3 However, a relief from IHT known as business property relief (“BPR”) may apply to Ordinary Shares once these have been held for two years. This relief applies notwithstanding that the Company’s shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

10. EMPLOYEE SHARE INCENTIVE ARRANGEMENTS

10.1 Introduction

10.1.1 The Company established a long term incentive plan in the form of a share option scheme (the “LTIP”) on 1 August 2016 which allows for the grant of enterprise management incentive share options which qualify for favourable tax treatment under the provisions of Schedule 5 to Income Tax (Earnings and Pensions) Act 2003 (“ITEPA”) (“EMI Options”) and awards of non-qualifying options (together “Awards”).

10.1.2 Awards will not be transferable. Only the person to whom an Award is granted or his or her personal representatives may acquire Ordinary Shares pursuant to an Award. Benefits provided under the LTIP are not pensionable.

10.2 Administration

The remuneration committee has overall responsibility for the operation and administration of the LTIP.

10.3 Eligibility

10.3.1 In order to be granted an Award, an individual must be an employee or executive director of the Group.

10.3.2 The remuneration committee has discretion to select the persons to whom Awards are to be granted under the LTIP.

10.4 Grant of Awards

10.4.1 Awards were granted on 1 August 2016 on the terms set out within this section. These awards will lapse if Admission does not take place within 30 days of the date of grant.

10.4.2 No Awards will be granted under the LTIP after the tenth anniversary of the date of adoption.

10.5 **Form of Awards**

Awards granted under the LTIP can take the form of market value share options and/or performance share awards. Market value share options are share options granted with a strike price set at no less than the market value of the shares on the date of grant. Performance share awards are share options with a strike price set at the nominal value of the shares. EMI Options can either be market value share options or performance share awards.

10.6 **Size of EMI Options grants/plan limits**

10.6.1 The Company will grant EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code (as defined in Section 527(3) of ITEPA).

10.6.2 Under the EMI Code, an employee may hold EMI Options over Ordinary Shares with a value (as at the date of grant) of up to £250,000. Where this threshold is exceeded, the employee may not receive EMI Options for three years. He may, however, receive non-qualifying Awards, subject to the limit in paragraph 10.7 below.

10.6.3 Unless the remuneration committee otherwise determines, the aggregate number of Ordinary Shares over which Awards may be granted under the LTIP on any date shall be limited so that the total number of Ordinary Shares issued and issuable pursuant to Awards granted under the LTIP and any other share scheme operated by the Company in any rolling 10 year period will be restricted to 15 per cent. of the Company's issued Ordinary Share capital from time to time calculated at the relevant time.

10.6.4 Treasury shares count towards this limit, as do Ordinary Shares issued to the trustee of an employees' trust. However, Ordinary Shares issued to the trustee of an employees' trust are not counted a second time if those shares are subsequently placed under option or used to satisfy Awards. No account will be taken of Ordinary Shares which an employees' trust purchases in the market or of Awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

10.7 **Individual Limits**

The value of Ordinary Shares over which an employee or executive director may be granted Awards under the LTIP in any financial year of the Company shall not exceed the higher of 200 per cent. of his basic rate of salary at the date of grant and £250,000.

10.8 **Performance Targets**

10.8.1 The remuneration committee may impose objective targets which will determine the extent to which Awards will vest. The performance targets will be set out in the option agreement.

10.8.2 Targets for Awards granted to executive directors and senior employees on 1 August 2016 (which are subject to Admission taking place within 30 days) will be based on earnings per share growth in line with the Company's forecast prior to Admission, as set out in paragraph 10.16 below.

10.8.3 In the event that a performance condition is imposed, it must be fulfilled prior to the exercise of the Award. An Award will lapse, without opportunity for retesting, to the extent that a performance condition is not met. However, the remuneration committee has discretion to amend, substitute or waive performance conditions if it considers that this is appropriate.

10.9 **Vesting of Awards**

10.9.1 Awards will vest on the third anniversary of the date of grant to the extent that the performance targets have been met. Vested Awards are generally exercisable between the third and tenth anniversaries of the date of grant.

10.9.2 Awards may vest earlier:

10.9.2.1 If the participant ceases to be in employment due to the reasons described in paragraph 10.10 below Awards may be exercised taking into account the extent that the performance targets (adjusted to take account of the shorter period from

grant) have been met and scaled down to reflect the proportion of the performance period that has elapsed; or

10.9.2.2 If the Company is acquired by a third party, Awards may then be exercised to the extent determined by the remuneration committee, taking into account the extent that the performance targets have been met and the proportion of the performance period that has elapsed. Alternatively Awards may be exchanged for options over shares in an acquiring company, if the Company is acquired and the third party agrees.

10.10 Leavers

10.10.1 If a participant ceases to hold office or employment with the Company or any of its subsidiaries (together, the "Group Companies") where the reason for cessation is due to redundancy, retirement, a transfer under TUPE (the Transfer of Undertakings (Protection of Employment) Regulations 2006), other transfers of a business/part of a business, the employing company ceasing to be a Group Company or any other reason that the remuneration committee acting fairly and reasonably so determines, an Award shall become or remain exercisable for a period of 90 days from the date which the participant ceases to hold office or employment with any Group Company taking into account the extent to which any performance condition has been met and the period that has elapsed between the date of grant and the date of cessation of employment.

10.10.2 If the participant ceases to be an employee to death, his or her personal representatives shall be permitted to exercise his or her Awards within 12 months of the participant's death to the extent to which any performance condition has been met.

10.11 Share holding obligation

A participant must hold his shares for one year after exercising an Award under the LTIP, except that he may sell sufficient shares to cover the cost of exercising his award and any income tax or national insurance contributions due.

10.12 Rights attaching to shares

Ordinary Shares issued in connection with the exercise of Awards will rank equally with Ordinary Shares of the same class then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date on which the allottee is entered on the register of member). Application will be made for admission to trading on AIM of new Ordinary Shares issued.

10.13 Variation of share capital

If there is any alteration of the issued share capital of the Company, the number of Ordinary Shares subject to an Award and the exercise price of a market value option will be subject to adjustments. The Board may adjust Awards in such manner as it determines to be appropriate.

10.14 Alteration of the LTIP

The Board or remuneration committee has discretion from time to time to amend the LTIP. However, alterations or additions that adversely affect the subsisting rights of an existing participant may only be made with the consent in writing of the relevant participant or consent of 75 per cent. of the participants.

10.15 Malus and Clawback

The remuneration committee may apply clawback where at any time before or within a year of vesting it determines that the final results of the Company were misstated, an error was made in any calculation or in assessing performance, which resulted in the number of Ordinary Shares in respect of which the Award was granted or vested being more than it should have been. The remuneration committee may also apply clawback at any time if it is discovered that the participant committed an act or omission prior to vesting that justified, or would have justified, summary dismissal from office or employment.

10.16 Awards

On 1 August 2016, the Company awarded the options set out below under the LTIP, all exercisable at the Issue Price. These awards will lapse if Admission does not take place within 30 days of the date of grant.

<i>Recipient</i>	<i>Number of options</i>	<i>Value at Issue Price</i>
Robin Auld	303,030	£99,999.90
Julia Choudhury	303,030	£99,999.90
Tim Harris	303,030	£99,999.90
Andrew Mallows	303,030	£99,999.90
Total other employees	803,031	£265,000.23

Subject to the rules of the LTIP, these awards will all vest on or after the third anniversary of their issue, being 1 August 2019, based on compound annual growth in the underlying earnings per share of the Group for the three-year period starting on 1 January 2016 ("CAG"). If CAG achieved in the period is below 8 per cent. then none of the options will vest. If CAG is achieved of between 8 per cent. and 15 per cent. in the period, then between 20 per cent. and 100 per cent. of the options will vest, on a straight line basis – e.g. if CAG of 11.5 per cent. was achieved, 60 per cent. of the options would vest.

11. ARRANGEMENTS RELATING TO THE PLACING

11.1 Pursuant to the Placing Agreement:

- 11.1.1 Allenby Capital and Dowgate Capital have agreed as agents for the Company, to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price but they are under no obligation to subscribe for any Placing Shares for which they are unable to procure subscribers;
- 11.1.2 the Company and the Directors have given certain warranties and indemnities to Allenby Capital and Dowgate Capital as to the accuracy of information contained in this document and other matters in relation to the Group and its business;
- 11.1.3 the Company has agreed to pay:
 - (a) Allenby Capital a corporate finance fee of £130,000;
 - (b) Dowgate Capital a fee of £25,000; and
 - (c) Allenby Capital and Dowgate Capital an aggregate commission of up to four per cent. of the aggregate value of the Placing Shares at the Issue Price; and
- 11.1.4 the Directors have undertaken not to, and to procure that any persons connected with them will not, effect or agree to effect any sale or other disposal of Ordinary Shares or rights to or in respect of Ordinary Shares for a period of 12 months from the date of Admission, without the prior written consent of the Company and Allenby Capital (save in certain limited circumstances) and, for a further 12 months thereafter, to deal in their Ordinary Shares only through Allenby Capital or Dowgate Capital or such other broker of the Company, with regard to maintaining an orderly market in the Ordinary Shares.

11.2 The Placing Agreement is:

- 11.2.1 conditional *inter alia* upon certain documents specified in the Placing Agreement being delivered to Allenby Capital and Dowgate Capital, none of the warranties given by the Company and the Directors being untrue, inaccurate or misleading, and Admission taking place not later than 8.00 a.m. on 5 August 2016 or such later date as Allenby Capital and Dowgate Capital may agree, being not later than 19 August 2016; and
- 11.2.2 terminable by Allenby Capital and Dowgate Capital before Admission in certain circumstances, including a material breach of any of the warranties given by the Company or the Directors, the failure to comply with obligations by the Company or circumstances having arisen which would require a supplemental admission document to be issued.

- 11.3 Pursuant to the Lock-in Agreements, Netcap Limited, Sarah Hemsley, James Hemsley and Victoria Hemsley have each undertaken not to, and to procure that any persons connected with them will not, effect or agree to effect any sale or other disposal of Ordinary Shares or rights to or in respect of Ordinary Shares for a period of 12 months from the date of Admission, without the prior written consent of the Company and Allenby Capital (save in certain limited circumstances) and, for a further 12 months thereafter to deal in its Ordinary Shares only through Allenby Capital, Dowgate Capital or such other broker of the Company, with regard to maintaining an orderly market in the Ordinary Shares.
- 11.4 Pursuant to the Orderly Market Agreement, Mark Peters has undertaken, for a period of 12 months following Admission, to effect, and to procure that any persons connected with him affects, any sale of Ordinary Shares only through Allenby Capital, Dowgate Capital or such other broker of the Company, with regard to maintaining an orderly market in the Ordinary Shares.

12. EMPLOYEES

As at 31 December 2015, the Group had 20 employees and as at the date of this document the Group has 28 employees, all of whom are based at the Group's office in Kidderminster.

13. RELATED PARTY TRANSACTIONS

- 13.1 On 1 August 2016 the Company issued a Loan Note Instrument, conditional on Admission under which it issued loan notes in respect of loans made to it by the following companies:

<i>Company</i>	<i>Amount</i>
Solent Capital Partners Limited (a company controlled by Stephen Hemsley)	£250,000
Glengrace Limited (a company controlled by Nigel Wray)	£250,000

The loan notes are repayable in 12 equal quarterly instalments in arrears, commencing on 30 September 2016 and may be repaid in full at any time by the Company. The loans are not in any circumstances convertible into Ordinary Shares or any other securities of any kind.

The loans bear interest at the rate of 2.5 per cent. above the base lending rate from time to time of National Westminster Bank Plc, the first interest payment date to be 30 September 2016. The loan notes are unsecured. The Company has undertaken to the noteholders that it will not create or grant any new security to any other party, whilst any of such loan notes are outstanding, save for any security in place at the date of this document.

All loans previously made by certain existing Shareholders to the Group (details of which are set out in Part III of this document) have been repaid.

- 13.2 Save as set out in Part III of this document and paragraph 13.1 above there are no related party transactions that the Company or any member of the Group has entered into during the period covered by the financial information set out in Part III of this document and up to the date of this document.

14. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the net proceeds of the Fundraising and the Loan Note Instrument, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

15. INVESTMENTS

The Group has made no significant investments in the two years prior to the date of this document.

16. PROPERTY, PLANT AND EQUIPMENT

- 16.1 The principal establishments of the Group are as follows:

- 16.1.1 5 Edwin Avenue, Hoo Farm Industrial Estate, Kidderminster, Worcestershire DY11 7RA; and
- 16.1.2 Unit 18/19 John Samuel Building, Hoo Farm Industrial Estate, Kidderminster, Worcestershire DY11 7RA.
- 16.2 The Directors are not aware of any environmental issues that may affect the Group's utilisation of its properties.

17. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the Group's financial position or profitability.

18. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the FB Holdings Group since 31 December 2015, being the date on which the FB Holdings Group's latest audited accounts were prepared.

19. GENERAL

- 19.1 It is estimated that the total fees, commissions and expenses payable by the Company in connection with the Fundraising and Admission will amount to approximately £640,000 (including VAT).
- 19.2 Allenby Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 19.3 Dowgate Capital has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 19.4 BDO LLP has given and not withdrawn its written consent to the inclusion of its report in Section A of Part III of this document in the form and context in which it is included.
- 19.5 The information in this document which has sourced from third parties has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.6 Save as set out in this document, there are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Group's business or profitability.
- 19.7 There have been no interruptions in the business of the Group, which may have or have had in the 12 months preceding the publication of this document a significant effect on the financial position of the Group or which are likely to have a material effect on the prospects of the Group for the next 12 months.
- 19.8 The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects in the period 1 January 2016 until the date of this document.
- 19.9 The Issue Price represents a premium of 32.5 pence over the nominal value of 0.5 pence per Ordinary Share. The premium arising on the Fundraising amounts to £3,446,969.83 in aggregate.
- 19.10 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The ISIN of the Ordinary Shares is GB00BD6P7Y24.
- 19.11 Save as disclosed in this document, there have been no payments by the Group to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

- 19.12 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- 19.12.1 received, directly or indirectly from the Group within the 12 months preceding the date of the application for Admission; or
 - 19.12.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group, on or after Admission, any of the following:
 - 19.12.2.1 fees totalling £10,000 or more;
 - 19.12.2.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the Issue Price; or
 - 19.12.2.3 any other benefit with the value of £10,000 or more at the date of Admission.
- 19.13 Save as disclosed in this document, there are no investments in progress which are significant to the Enlarged Group.
- 19.14 The financial information contained in Part III of this document does not constitute statutory accounts within the meaning of section 434 of the Act. The auditors for the period covered by the financial information set out in Part III of this document were BDO LLP. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 19.15 This document does not constitute an offer to sell, or the solicitation of an offer to acquire, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Ordinary Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, South Africa or Australia (the "Excluded Territories") and may not be sold, directly or indirectly, within the United States or the Excluded Territories or to any citizen, national or resident of the United States or the Excluded Territories.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document will be available free of charge on the Company's website www.franchisebrands.co.uk.

Dated 1 August 2016

