

**FOOD CAPITALS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**1. General information**

Food Capitals Public Company Limited (“the Company”) is listed on the Market for Alternative Investment (MAI) and is incorporated and domiciled in Thailand. Its major shareholder is the Srichawla Group. The Company is principally engaged in mass market consumption businesses, with a main focus on the food and beverage industry. The registered office of the Company is at 18/8 Fico Place Building, 2nd Floor, Sukhumvit 21 (Asoke) Road, Klongtoey Nua, Wattana, Bangkok 10110.

**2. Basis for interim financial statement preparation and principles of consolidation**

**2.1 Basis for interim financial statements preparation**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 34: “Interim financial reporting”, whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the financial statements to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended 31 December 2017.

The interim financial statements are officially prepared in Thai language. The translation of these statutory financial statements to other language must conform to the Thai financial report.

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2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Food Capitals Public Company Limited and the following subsidiary companies (“the Group”)

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding (%)	
			As at March 31, 2018	As at 31 December 2017
<b><u>Held by the Company</u></b>				
Monster Media Co., Ltd.	Dormant	Thailand	100	100
Casa Fico Co., Ltd.	Residential real estate development	Thailand	92.5*	92.5*
Fena Park Co., Ltd.	Hotel real estate development	Thailand	92.5*	92.5*
Fenix Iron Fairies Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Land Co., Ltd.	Investment in real estate	Thailand	100	100
Evolution Holdings Limited	Holding company	Mauritius	100	100
FC Commissary Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Foods (Thailand) Co., Ltd.	Holding company	Thailand	90	90
G Enterprise & Co Company Limited	Sales of food and beverage	Thailand	100	100
Food Capitals (USA), Inc.	Holding company	United States of America	100	100

\* Included 42.5% indirect stake held through the subsidiary, Evolution Land Co., Ltd.

**Held by subsidiaries**

Maggie Choo’s Co., Ltd.	Sales of food and beverage	Thailand	100	100
Evolution Advisors Limited	Investment advisory	Cayman Islands	100	100
Evolution Capital International Pte. Ltd.	Dormant	Singapore	100	100
PhotoMe.com Co., Ltd.	In during liquidation	Thailand	100	100
D. Pizza Plc.	Sales of food and beverage	Cambodia	58.5	58.5
Domino’s (Thailand) Co., Ltd.	Sales of food and beverage	Thailand	90	90
CBTL (Thailand) Co., Ltd.	Sales of food and beverage	Thailand	89.8	89.8
Kyochon Co., Ltd.	Sales of food and beverage	Thailand	85.2	85.2
Evolution Foods International Limited	Holding company	British Virgin Islands	100	100
Kyochon Cambodia Limited	Sales of food and beverage	Cambodia	58.5	58.5
Osha Thai Geary Inc.**	Holding company	United States of America	-	-

\*\*Osha Thai Geary Inc., had incorporated under the law of the state of California, United States of America on April 24, 2017.

As at March 31, 2018, such subsidiary has not yet to call up for its share capital.

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- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The separate financial statements present investments in subsidiaries and associates under the cost method.

Significant transactions with subsidiary have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiary as at March 31, 2018 and December 31, 2017 and total revenues for the three-month periods ended March 31, 2018 and 2017, as included in the consolidated financial statements presented in term of percentages are as follow :

	Percentage of subsidiaries’s total assets		Percentage of subsidiaries’s total revenues	
	to consolidated total assets		to consolidated total revenues	
			For the three-month periods ended	
	March 31,	December 31,	March 31,	
	2018	2017	2018	2017
<u>Subsidiaries company</u>	89%	89%	97%	85%

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2.3 New financial reporting standards

During the period, the Group has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

2.4 Significant accounting policies

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended December 31, 2017.

The Federation of Accounting Professions has announced the new and amendments to some Thai accounting standards and Thai financial reporting standards, and accounting standard interpretations and financial reporting standards interpretations.

2.4.1 The Thai financial reporting standards which are effective for the preparation of financial statements with accounting periods beginning on or after 1 January 2018. The Company has adopted the application of those standards for preparation of financial statements effective 1 January 2018. These accounting standards and interpretations do not have significant impact on the financial position and results of operations for the period.

TAS 7 (revised 2017) Statement of cash flows

TAS 12 (revised 2017) Income taxes

TAS 7 (revised 2017) The amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017) The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.

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- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

Management has assessed and considered that the above revised standards not have a material impact on the Company.

2.4.2 The Thai financial reporting standards, Thai accounting standard, and financial reporting standards interpretations which Federation Accounting Professions has plan to announce and effective for the preparation of financial statements with accounting periods beginning on or after January 1, 2019 and has not yet early adopted these revised standards as follow;

Thai financial reporting standards no.7	Disclosure for financial instruments
Thai financial reporting standards no.9	Financial instruments
Thai financial reporting standards no.15	Revenue from contracts with customers
Thai accounting standards no.32	Presentation for financial instruments
Thai financial reporting standards interpretation no.16	Hedges for a net investments in a foreign
Thai financial reporting standards interpretation no.19	Extinguishing Financial Liabilities with

2.5 Estimation

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation were the same as those applied in the preparation of annual financial statements for the year ended December 31, 2017.

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**3. Related party transactions**

During the period, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended March 31,				
	2018	2017	2018	2017	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	5,759	19,050	Contract price based on cost plus margin
Interest income	-	-	13,756	10,885	At interest rate of 4.5% to 12.625% per annum
Other income	-	-	1,790	600	Contract price based on agreement
Purchase of goods and services	-	-	-	66	Cost plus margin
Financial costs	-	-	292	-	At interest rate of 7.5 per annum
<b>Transactions with associates</b>					
Management income	222	195	222	195	Contract price based on cost plus margin
<b>Transactions with related companies</b>					
Sales	151	200	-	-	Cost plus margin
Other income	-	1,724	-	1,724	Contract price based on cost plus margin
Purchase of goods and services	3,417	5,068	1,166	2,678	Cost plus margin
Financial cost	1,923	1,916	1,923	1,916	At interest rate of 1% and 7.5% per annum
<b>Transactions with directors</b>					
Financial cost	183	-	183	-	At interest rate of 6.8% per annum

The balances of the accounts as at March 31, 2018 and December 31, 2017, between the Company and those related parties are as follows:

“UNAUDITED”

“REVIEWED”

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(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
<b>Trade and other receivables (Note 4)</b>				
<u>Trade receivables - related parties</u>				
Related companies	288	177	-	-
	<u>288</u>	<u>177</u>	<u>-</u>	<u>-</u>
<u>Other current receivables - related parties</u>				
Subsidiaries	-	-	95,824	96,057
Associates	3	294	-	294
Related companies	10,703	10,073	5,336	6,536
Management	10,131	10,129	-	-
	<u>20,837</u>	<u>20,496</u>	<u>101,160</u>	<u>102,887</u>
<b>Accrued income - related parties</b>				
Associates	91	50	91	50
	<u>91</u>	<u>50</u>	<u>91</u>	<u>50</u>
<b>Receivable from sale of investment - related party</b>				
Subsidiaries	-	-	75,400	75,400
Less: Allowance for doubtful debts	-	-	(75,400)	(75,400)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deposit - related parties</b>				
Related companies	4,335	4,335	-	-
	<u>4,335</u>	<u>4,335</u>	<u>-</u>	<u>-</u>
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	750,197	721,672
Less: Allowance for doubtful debts	-	-	(97,660)	(97,512)
	<u>-</u>	<u>-</u>	<u>652,537</u>	<u>624,160</u>
<b>Long-term loans to related party</b>				
Subsidiary	-	-	109,784	108,123
	<u>-</u>	<u>-</u>	<u>109,784</u>	<u>108,123</u>

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(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial statements	
	March 31,	December 31,	March 31,	December 31,
	2018	2017	2018	2017
<b>Other payable - related parties (Note 3)</b>				
Subsidiaries	-	-	13	-
Related companies	2,234	844	1,066	12
	<u>2,234</u>	<u>844</u>	<u>1,079</u>	<u>12</u>
<b>Short-term loans from related party</b>				
Related companies	26,983	-	26,983	-
	<u>26,983</u>	<u>-</u>	<u>26,983</u>	<u>-</u>
<b>Long-term loans from related parties</b>				
Subsidiary	-	-	29,923	30,991
Related companies	28,677	28,610	28,677	28,610
Related parties				
- Current portion	140,089	138,240	140,089	138,240
	<u>168,766</u>	<u>166,850</u>	<u>198,689</u>	<u>197,841</u>

Loans to related parties/loans from related parties

Loans to/loans from related parties are clean loans. As at March 31, 2018 and December 31, 2017, the balance of loans between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
	January 1, 2018			March 31, 2018
<b>Short-term loans from related party</b>				
Related company	-	26,983	-	26,983
	<u>-</u>	<u>26,983</u>	<u>-</u>	<u>26,983</u>
<b>Long-term loans from related parties</b>				
Related companies	28,610	67	-	28,677
Related parties				
- Due within 1 year	138,240	1,849	-	140,089
Total	<u>166,850</u>	<u>1,916</u>	<u>-</u>	<u>168,766</u>



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(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at January 1, 2018	Increase during the period	Change in Classification	Balance as at March 31, 2018
<b>Short-term loans to related parties</b>				
Subsidiaries	721,672	28,525	-	750,197
Less: Allowance for doubtful debts	(97,512)	(148)	-	(97,660)
<b>Total</b>	<b>624,160</b>	<b>28,377</b>	<b>-</b>	<b>652,537</b>
<b>Long-term loans to related party</b>				
Subsidiary	108,123	1,661	-	109,784
<b>Short-term loans from related party</b>				
Related company	-	26,983	-	26,983
<b>Long-term loans to related parties</b>				
Subsidiary	30,991	292	(1,360)	29,923
Related companies	28,610	67	-	28,677
Related parties				
- Due within 1 year	138,240	1,849	-	140,089
<b>Total</b>	<b>197,841</b>	<b>2,208</b>	<b>(1,360)</b>	<b>198,689</b>

The Group has a loan facility from a related company through a line of credit of Baht 30 million. As at March 31, 2018, the Group’s outstanding loan and interest payable was Baht 28 million (December 31, 2017: Baht 28 million). The loan is unsecured, bears interest at 1% per annum and is due for repayment on call.

As at March 31, 2018, the Company changed in classification borrowing from related parties of Baht 140 million (December 31, 2017: Baht 138 million) as long-term loan from related parties, due within 1 year in the statement of financial position since such borrowing will be due for repayment on May 26, 2018.

The Company classified borrowings from related company as non-current liabilities due to the fact that the lender agreed not to recall the loans and interest payable in the forthcoming 12 months.

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Directors and management’s remunerations

During the period ended March 31, 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
For the three-month periods ended March 31,				
	2018	2017	2018	2017
Short-term employee benefits	3,744	7,483	2,162	7,483
Post-employment benefits	1	481	1	481
<b>Total</b>	<b>3,745</b>	<b>7,964</b>	<b>2,163</b>	<b>7,964</b>

**4. Trade and other current receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	52	86	-	-
Past due				
Up to 3 months	81	86	-	-
3 - 6 months	155	5	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
<b>Total</b>	<b>288</b>	<b>177</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful debts	-	-	-	-
<b>Total trade receivables - related parties, net</b>	<b>288</b>	<b>177</b>	<b>-</b>	<b>-</b>

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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	10,622	13,783	-	-
Past due				
Up to 3 months	849	203	-	-
3 - 6 months	161	195	-	-
6 - 12 months	202	27	-	-
Over 12 months	2,413	2,365	-	-
Total	14,247	16,573	-	-
Less: Allowance for doubtful debts	(2,286)	(2,286)	-	-
Total trade receivables - unrelated parties, net	11,961	14,287	-	-
Total trade receivables - net	12,249	14,464	-	-
<u>Other current receivables</u>				
Other current receivables - related parties	20,837	20,496	101,160	102,887
Other current receivables - unrelated parties	8,045	9,980	194	442
Accrued income	697	67	91	50
Advances	1,250	343	3,400	3,428
Revenue Department receivable	9,258	12,002	2,849	3,162
Total	40,087	42,888	107,694	109,969
Less: Allowance for doubtful debts	(3,091)	(3,091)	(1,797)	(1,797)
Total other current receivables - net	36,996	39,797	105,897	108,172
Total Trade and other current receivables - net	49,245	54,261	105,897	108,172

**5. Short-term loan to unrelated party**

As at March 31, 2018 and December 31, 2017, the Group has an outstanding short-term loan to an unrelated party amounting to USD 150,000. The loan is unsecured, with no interest.

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**6. Receivable from sale of investment**

The Company’s management assessed recoverability of receivable from sale of investment due from Food Planet Inc., due to the uncertainty in the amounts and in term of duration expected to be received.

**7. Investments in associates**

(Unit: Thousand Baht)

Company’s name	Nature of business	Country of incorporation	Consolidated financial statements					
			Percentage of Shareholding (%)		Cost		Carrying amounts based on equity method	
			As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
<u>Associates under Evolution Land Co., Ltd.:</u>								
Andaman Beach Residences Co., Ltd.	Residential real estate Development	Thailand	51.0	51.0	5,218	5,218	-	-
Phang Nga Hotel Co., Ltd.	Hotel real estate development	Thailand	51.0	51.0	5,218	5,218	-	-
Total					10,436	10,436	-	-
Less: Allowance for devaluation of investment					(10,436)	(10,436)	-	-
Investment in associates - net					-	-	-	-

On December 27, 2017 The Board of Directors Meeting No. 11/2017, has Approved the Company and Evolution Land co., ltd., a subsidiary, dispose of investment in 2 associated companies to a non-related party, comprising 1) Preferred shares of Andaman Beach Residence Limited of 51,000 shares, and 2) preferred shares of Phang Nga Hotel Co., Ltd. of 51,000 shares at the total price of Baht 10.20 million. Pursuant to the conditions precedent stated in Share Subscription Agreement, such 2 associated companies have to dispose on or before the completion date of EBT with a total consideration not less than Baht 10.20 million (equal the consideration paid Baht 5.1 million each). The Company will be recognizing reversal of investments devaluation when complete of such investment disposition.

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**8. Investments in subsidiaries**

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Percentage of shareholding (%)		Cost	
	As at	As at	As at	As at	As at	As at
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Monster Media Co., Ltd.	10,000	10,000	100	100	10,000	10,000
Casa Fico Co., Ltd.	285,000	285,000	92.5*	92.5*	146,377	146,377
Fena Park Co., Ltd.	100,000	100,000	92.5*	92.5*	33,833	33,833
Fenix Iron Fairies Co., Ltd.	4,000	4,000	100	100	141,198	141,198
Evolution Land Co., Ltd.	229,108	229,108	100	100	229,108	229,108
Evolution Holdings Limited	USD 4,675**	USD 4,675**	100	100	146,198	146,198
FC Commissary Co., Ltd.	10,000	10,000	100	100	5,639	5,639
Evolution Foods (Thailand) Co., Ltd.	661,130	661,130	90	90	698,435	698,435
Food Capitals (USA), Inc.	USD 1,000**	USD 1,000**	100	100	35,131	35,131
G Enterprise & Co Company Limited	125,000	125,000	100	100	94,754	94,754
Total					1,540,673	1,540,673
<u>Less</u> Allowance for impairment loss on investment					(768,183)	(665,484)
Investment in subsidiaries - net					772,490	875,189

\* Included 42.5% indirect stake held through the subsidiary, Evolution Land Co., Ltd.

\*\* USD expressed in thousand

Investment in Fenix Iron Fairies Co., Ltd.

During the current period, the Company considered to recognize allowance for impairment loss on Fenix Iron Fairies Co., Ltd. of Baht 108 million, due to the recoverable amount is less than the carrying amount.

Investment in FC Commissary Co., Ltd.

During the current period, the Company considered to reverse allowance for impairment loss on FC Commissary Co., Ltd., of Baht 6 million, due to the recoverable amount is over than the carrying amount.

Investment in Evolution Foods (Thailand) Co., Ltd.

During the year 2017, the Company considered to recognize allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd., of Bath 299 million, due to the recoverable amount is less than the carrying amount.

During the current period, there is no an additional of impairment loss.

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Investment in Evolution Land Co., Ltd.

During the year 2017, the Company considered to recognize allowance for impairment loss on Evolution Land Co., Ltd. of Baht 131 million, due to the recoverable amount is less than the carrying amount.

During the current period, there is no an additional of impairment loss.

Investment in Food Capitals (USA), Inc.

On January 18, 2017, the Company registered the establishment of the subsidiary - Food Capitals (USA), Inc., a limited company, incorporated in the State of Delaware, United States of America, with the registered capital amount of USD 1. Subsequently, on March 13, 2017, Food Capitals (USA), Inc., increased its registered capital to be USD 1,000,000.

The Company paid for an investment in such subsidiary on April 28, 2017.

The Board of Directors' Meeting No. 6/2018 on 19 April 2018, resolved to liquidate of a subsidiary, Food Capitals (USA) Inc. The Company is in processing to register for dissolution of such subsidiary.

Investments in G Enterprise & Co Company Limited

On February 24, 2017, the Company entered into a Share Sale and Purchase Agreement to acquire the entire shares of G Enterprise & Co Company Limited (G Enterprise), comprised of 25,000,000 ordinary shares at the par value of Baht 5 per share, equal to 100% of registered and paid-up capital of G Enterprise from the unrelated existing shareholders with a consideration price of not exceeding Baht 121.81 million. G Enterprise is engaged in restaurant business under tradenames “Chingcha Chalee”, “Moommum Park”, “Umami Fallabella” and “Pirate Chambre”.

As of February 25, 2017, the Company paid the first installment of consideration paid in cash of Baht 29.81 million.

On March 6, 2017, the Company issued newly ordinary shares of 62 million, with a par value of Baht 1 per share, at the offered price each of Baht 1 per share, as part of its consideration paid for an investment in G Enterprise, according to the resolution of the Extraordinary Shareholder' s meeting no. 1/2017 held on February 28, 2017. Pursuant to the Share Purchase Agreement, the Company has commitment on share payable of Baht 30 million by way of instalment payment in cash into 30 instalment on a monthly basis of Baht 1 million each, starting in March 2017. The instalment will be made based upon the operation results of G Enterprise in accordance with the agreeable condition as stipulated in the Share Purchase Agreement.

In relation to the Share Purchase Agreement, there is an operational EBITDA (Earnings before Interest, Tax, Depreciation, and Amortisation) guarantee of Baht 28 million in aggregate for the 4 years period after completion of the share transfer. However, the actual operational EBITDA of G Enterprise & CO for the year 2017 resulted

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some shortfall from such guaranteed amount. During the current period of 2018, the Company requested the Seller to compensate in cash for difference amount of such EBITDA shortfall.

As at March 31, 2018, the Company has commitment on share payable of Baht 20 million (December 31, 2017: Baht 20 million).

The book value of net assets of G Enterprise at the acquisition date are as follows:

	(Unit: Thousand Baht)		
	Book Value	Adjustment value	Value of record
Cash and cash equivalents	9,297	-	9,297
Trade and other current receivables	26,122	-	26,122
Inventories	1,215	-	1,215
Other current assets	230	-	230
Building improvement and equipment	35,339	8,095	43,434
Intangible assets	386	55,874	56,260
Other non - current assets	6,821	-	6,821
Deferred tax assets	-	1,094	1,094
Trade payables and other current payables	(38,301)	-	(38,301)
Other current liabilities	(946)	-	(946)
Provision for employee benefit	(4,245)	-	(4,245)
Provision for decommissioning costs	(1,223)	-	(1,223)
Deferred tax liabilities	-	(13,391)	(13,391)
Book value of net assets acquired	34,695	51,672	86,367
Total consideration paid	(94,754)	-	(94,754)
Goodwill (Note 18)	60,059	(51,672)	8,387

In accordance with TFRS3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisation of the fair values for certain acquisitions of businesses acquired during 2017 is dependent on determination of the ultimate purchase price and completion of the purchase price allocation exercise.

In consideration of fair value of assets from business acquisition in G Enterprise & CO Co., Ltd., the Company has engaged an independent appraiser authorized by the Securities & Exchange Commission (SEC) determined the

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measurement of the identifiable assets and considered the possibility that the Group received economic benefit reasonably. The Company anticipated that no material changes in the fair value as compared to the fair value on the date of acquisition of business, except of the following assets.

Leasehold improvement and equipment

Fair value of the acquired leasehold improvement and equipment determined by using cost approach based on gross current replacement cost of the asset, then depreciating value to reflect the anticipated effective useful life of the asset from new, the age of the asset and estimated residual value at the end of assets' useful life.

Based upon this valuation approach, total fair value of leasehold improvement and equipment is over than its book value of Baht 8 million.

Intangible assets

The fair value of the acquired intangible assets as a result from the business acquisition representing trademark from operates restaurant business under tradenames “Chingcha Chalee”, “Moommum Park”, “Umami Fallabella” and “Pirate Chambre”. Trademark valuation determined by using income approach based on future projected revenues, calculating by using royalty rates reference to market benchmark under the same industry sector, then discount royalty payment into the present value. Based on this valuation approach, total fair value of trademark is Baht 56 million.

Investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd.

The investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd. has a key condition which is agreed between the Company and the seller in accordance with the sale and purchase agreement dated November 14, 2012, as follows:

- 1) The Group has issued a promissory note as a conditional corporate guarantee in the amount of Baht 100 million to the Srichawla Group as protection against loss of value of the consideration which results from the acquisition of investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd., on November 26, 2012. The guarantee shall be valid for a period of 3 years ending November 26, 2015. The final amount payable under the guarantee shall be adjusted based on the share price of the Company at the end of the guarantee period. However, the principle of this condition is to grant an opportunity for the Group to be free from paying such obligation if the Group's share price is at least equal to Baht 2.00 per share where (a) in the next 3 years from the closing date of the transaction or (b) on the time that the Group decides to sell all shares in Casa Fico Co., Ltd. and Fena Park Co., Ltd. and/or the land/leasehold right owned by these two companies before the end of guarantee period. In that event, such guarantee will be revoked and the Group will not be bound to pay that amount to the Srichawla Group. On the contrary, if the Group's share price is less than Baht 2.00 per share within the specified time, in both (a) and (b) described above, the Group must pay the determined amount in accordance with the calculation method, which is



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limited to Baht 100 million. The Group estimated that there was no likelihood that the Group would incur such liability at acquisition date.

As of December 31, 2016, the Company has contractual obligation to pay a guarantee payment in full amount of Baht 100 million plus accrued interest in an amount of Baht 31 million under such corporate guarantee and promissory note issued to Srichawla group due to the fact that the Company’s share price was failed below Baht 2.00 per share at the end of guarantee period. The Company received a grant from Srichawla group accepted the waiver on a default of the promissory note and agreed to provide the extension of the maturity date of such promissory note for a period of 18 months from the original maturity date as from on 26 November 2015 to May 26, 2017 (“the second maturity date”).

On February 27, 2017, the Company received a grant from Srichawla group accepted the extension of the maturity date of the promissory note for a period of 12 months from the second maturity date or within 30 days from the date Fena Park Co., Ltd. and Casa Fico Co., Ltd. (“the subsidiaries”), can sell its the land/leasehold right and receive the payment(s) from the buyer in full. As such the maturity date of the promissory note is extended to no longer than May 26, 2018 (“the third maturity date”). The Board of Directors Meeting No. 8/2018 held on 14 May 2018, resolved the request for postponement maturity date of promissory note due payable to Srichawla Group for another 6 months i.e. the new maturity date shall be made on 26 November 2018.

The Company, therefore, presented an amount due for payment under promissory note issued to Srichawla group plus accrued interest as current portion of long-term loans from related parties in the statement of financial position as of March 31, 2018 and December 31, 2017.

- 2) If Casa Fico Co., Ltd. and Fena Park Co., Ltd. have not developed or sold the land or leasehold rights owned by each respective company on November 26, 2017, the Company shall have the right within the exercise period of 60 days (the Exercise Period) to sell all of those shares to Srichawla Group (the Put Option), and Srichawla Group agrees to buy all those shares for a total consideration of Baht 184 million for all shares in Casa Fico Co., Ltd., and Baht 65 million for all shares in Fena Park Co., Ltd.

On December 12, 2017, the Company accepted request made by Srichawla Group to extend the Exercise period of Put Option for another 6 months from the original exercise date which shall be made within January 25, 2018, extended the new exercise period can be made until July 25, 2018. Subsequently, the Board of Directors No. 3/2018 held on February 27, 2018, resolved the Company to exercise its Put Option right and to sell back the shares in those subsidiaries to Srichawla Group. Subject to the approval in Annual General of Shareholders Meeting to be held on April 23, 2018, the Company will be transferred of 50% shares interest in Casa Fico Co., Ltd. and Fena Park Co., Ltd. to Srichawla Group, Subsequently on 23 April 2018, the Annual General Meeting of Shareholders, approved

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the Company to transfer 50% interests in share of Casa Fico Co., Ltd. and Fena Park Co., Ltd. to Srichawla Group, as disposal of investment to connected persons as described in Note 23.1.9.

On November 21, 2017, the Board of Directors Meeting No. 9/2017, to consider and approve the entering into the transaction of divestment of Evolution Foods (Thailand) Company Limited.

On December 15, 2017, the Board of Directors Meeting No. 10/2017, to consider and approve the entering into the transaction of divestment of the subsidiaries consists of

- 1) Fenix Iron Fairies Company Limited
- 2) FC Commissary Company Limited

The Company will be held the Annual General Meeting of Shareholders to consider and approve the divestment of these subsidiaries on April 23, 2018 (as discussed in Note 23.1.7).

**9. Other investment**

Company's name	Percentage of Shareholding		(Unit: Thousand Baht)	
	Consolidated		financial statements	
	Cost			
	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
Red Planet Hotels (Thailand) Limited	50.9	50.9	3,562	3,562
Red Planet Hotels Two (Thailand) Limited	51.0	51.0	7,140	7,140
Red Planet Hotels Three (Thailand) Limited	51.0	51.0	6,120	6,120
Red Planet Hotels Four (Thailand) Limited	51.0	51.0	4,080	4,080
Red Planet Hotels Five (Thailand) Limited	51.0	51.0	6,120	6,120
Red Planet Hotels Limited	11.3	11.3	567,317	567,317
Total			594,339	594,339
Less : Impairment losses on investment			(347,999)	(347,999)
Other investments - Net			246,340	246,340

During the year 2017, the Company recognised loss from devaluation of investment in Red Planet Hotels Limited Group in totaling amount Baht 314.3 million, based on net realizable value from the disposition of investment indicated in Letter of Intent offered from a non-related company.

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Subsequently, during the the fourth quarter, 2017, The Company is appointed a financial advisor “Avantgarde Capital Co., Ltd.” to conduct the reassessment of investment in Red Planet Hotels Group which valuation report completed in November 2017, by using income approach based on Discounted Cash Flow Method. The Company recognized loss on impairment of investments amount of Baht 33.7 million, presented in administrative expenses.

As at March 31, 2018 and December 31, 2017, the Group presented other investments based on reassessment value of Baht 246.34 million. Pursuant to the Conditions Subsequent stated in Share Subscription Agreement, the investment in Red Planet Hotels Group have to dispose to the third party buyers. However, if the Company cannot seek the buyer to purchase such investments within 12 months after the completion date of EBT or on later date as mutually agreed by the parties, the major shareholders hereby undertake to acquire such investments with a total consideration not less than Baht 450 million. The Company will be recognizing reversal of loss from impairment of investment in the amount Baht 203.7 million when complete such divestment of investment.

As at March 31, 2018 and December 31, 2017, the Group has pledged investments in five related companies with three local financial institutions to secure their credit loan facilities as follows:

- 1) Pledged 15,499 preference shares of Red Planet Hotels (Thailand) Limited to secure its credit loan facility of Baht 92 million.
- 2) Pledged 51,000 preference shares of Red Planet Hotels Two (Thailand) Limited to secure its credit loan facility of Baht 72 million.
- 3) Pledged 50,900 preference shares of Red Planet Hotels Three (Thailand) Limited to secure its credit loan facility of Baht 60 million.
- 4) Pledged 25,500 preference shares of Red Planet Hotels Four (Thailand) Limited to secure its credit loan facility of Baht 95 million.
- 5) Pledged 61,199 preference shares of Red Planet Hotels Five (Thailand) Limited to secure its credit loan facility of Baht 120 million.

The Company also entered into guarantee agreement with such group of financial institutions to secure the related company’s credit facilities in the full amount of the outstanding debt (Note 20.4). Consequently, the Company is entitled to receive debt guarantee income from certain related companies.

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**10. Investment properties**

(Unit: Thousand Baht)

	Consolidated financial statements /	
	Separate financial statements	
	As at March 31, 2018	As at December 31, 2017
Land	54,699	54,699
Project development cost	4,705	4,705
Less: impairment of project development cost	(4,705)	(4,705)
Net	<u>54,699</u>	<u>54,699</u>

**11. Leasehold improvements and equipment**

Movements of the leasehold improvements and equipment account for the three-month period ended March 31, 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at January 1, 2018</b>	315,213	24,348
Acquisitions during the period - at cost	4,861	-
Disposals/write-off - net book value at disposal date	(10,392)	(397)
Depreciation for the period	(22,568)	(1,484)
Reversal of allowance for impairment loss	9,080	-
<b>Net book value as at March 31, 2018</b>	<u>296,194</u>	<u>22,467</u>

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**12. Goodwill**

(Unit: Thousand Baht)

	Consolidated	
	financial statements	
	As at March 31, 2018	As at December 31, 2017
Goodwill	316,433	308,046
Increase from acquisition of subsidiary net book values (Note 8)	-	60,059
Decrease change of fair value as at purchasing (Note 8)	-	(51,672)
Goodwill from acquisition of subsidiary during the period	-	8,387
Less: impairment of goodwill	(308,046)	(231,800)
Net	<u>8,387</u>	<u>84,633</u>

For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flow (cash-generating unit). The Group recoverable amount assessment is based on cash flow projection of business plan prepared by management.

Goodwill increased during the years 2017 net of fair value adjustment as resulted from the acquisition of G Enterprise & Co Company Limited (G Enterprise), the management is expected that the Company will receive benefit from such acquisition due to leading operate in restaurant business and good performance based results, including the growth of business's opportunity in the future.

During the current period, the Company assessed impairment from goodwill allocated to Fenix Iron Fairies Co., Ltd. The management considered that goodwill from such business acquisition would not be able to generate future economic benefits to the Group. As to comply condition precedent to the Share Subscription Agreement, the Company has to dispose investment in a subsidiary - Fenix Iron Fairies Co., Ltd. to the major shareholder. Since the minimum consideration from the disposal of investment is not cover its net carrying value of goodwill, the Company recorded loss from goodwill impairment in the statement of comprehensive income for the period ended 31 March 2018 of Baht 76 million to reflect the expected recoverable amount from current circumstance.

The Annual General Meeting of Shareholders of 2018, held on April 23, 2018, approved the disposal of investment in such subsidiary as discussed in Note 23.1.7.

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**13. Intangible assets**

Movements of the Intangible assets account for the three-month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Net book value as at January 1, 2018</b>	102,070	8,553
Acquisitions during the period - at cost	593	-
Amortization for the period	<u>(3,210)</u>	<u>(537)</u>
<b>Net book value as at March 31, 2018</b>	<u><u>99,453</u></u>	<u><u>8,016</u></u>

**14. Leasehold right of land**

Movements of leasehold right of land account during three-month period ended March 31, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Net book value as at January 1, 2018</b>	132,682	52,617
Amortisation for period	<u>(1,677)</u>	<u>(678)</u>
<b>Net book value as at March 31, 2018</b>	<u><u>131,005</u></u>	<u><u>51,939</u></u>

There are 2 leasehold rights of land on Samui Island for which the management has conducted a feasibility analysis for future real estate development projects or resale for profit.

Leasehold right of land is amortised by the straight-line method over the land lease period of 30 years. Under the lease agreement, buildings and building improvements constructed on the leasehold land will be transferred to the lessor at the end of the lease agreement.

**15. Debentures**

Pursuant to the Extraordinary General Meeting of Shareholder No. 1/2016 of the Company held on June 14, 2016 resolved the issuance of the debentures in an amount of not exceeding Baht 1,300 million for the purpose to finance the expansion of the Company’s business.

On August 11, 2016, the Company issued Baht 600 million of 1 year and 9 months unsecured debentures (600,000 units with a face value of Baht 1,000 each) and the principal will be redeemed on May 11, 2018. The debentures bear interest at a fixed rate of 6.00 percent per annum, payable every 3 months throughout the life of the debentures.

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Movements in the debenture account during the period ended March 31, 2018 were summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements / Separate financial statements
Balance as at January 1, 2018 (Face value)	600,000
Amortisation of deferred debenture issuing cost	14,255
Less: Deferred debenture issuing costs	(15,232)
Balance as at March 31, 2018	<u>599,023</u>

The issuance of debenture contains specified some covenants such as maintain debt-to-equity ratio at all times.

The Company has fully redemption of the debentures on May 11, 2018.

**16. Share capital**

Share capital have changed for the period ended March 31, 2018 as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements / Separate financial statements			
	Share Capital Registered	Issued and Paid-up capital	Share premium	Share discount On business acquisition
As at January 1, 2018	3,178,404	2,136,460	467,710	(144,820)
Share capital decrease	-	-	-	-
Share capital increase	-	-	-	-
Issued share capital	-	-	-	-
As at March 31, 2018	<u>3,178,404</u>	<u>2,136,460</u>	<u>467,710</u>	<u>(144,820)</u>

The Extraordinary General Meeting of Shareholders No. 1/2017 held on February 28, 2017 has resolved on the following matters:

- 1) Approved the decrease of the registered capital of the Company from Baht 2,887,153,921 to Baht 2,590,611,678 by cancelling the Company's registered ordinary shares reserved for (1) the adjustment of rights for warrants to purchase ordinary shares of the Company No. 1 (FC-W1) of 21,738,529 shares with a par value of Baht 1 per share, (2) the adjustment of rights for warrants to purchase ordinary shares of the Company No. 2 (FC-W2) of 15,397,059 shares with a par value of Baht 1 per share (3) reserved for the

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exercise of warrants to purchase ordinary shares of the Company No. 3 (FC-W3) in the number of 38,903,891 shares with a par value of Baht 1 per share, and (4) reserve for the exercise of warrants to purchase ordinary shares of the Company No. 4 (FC-W4) in the number of 220,502,764 shares with a par value of Baht 1 per share due to the expiration of the exercise period of warrants to purchase ordinary shares of FC-W3 and FC-W4. Following the capital decrease, the Company’s registered capital shall be equivalent to Baht 2,590,611,678 and the paid-up capital shall be equivalent to Baht 1,959,306,678. The portion of the capital which has not been paid-up is reserved for the exercise of FC-W1 and FC-W2.

- 2) Approved the capital increase up to Baht 587,792,002 from Baht 2,590,611,678 to Baht 3,178,403,680 by issuing of the newly issue ordinary shares of Baht 587,792,002 with a par value of Baht 1 per share to reserve for the General Mandate. The Board of Directors have been received the authorization to determine details and conditions of the issue and offer of newly issued ordinary shares, including authority to sign any related documents and agreements, perform any action necessary and appropriate for the issue and offer of newly issued ordinary shares, and register the newly-issued ordinary shares as listed securities with the Stock Exchange of Thailand.
- 3) Approved the allocation of the newly issue share of up to 587,792,002 shares with a par value of Baht 1 per share under the General Mandate which will be allotted to (1) allotment of newly issued ordinary shares not exceeding 391,861,335 shares (20% of the Company’s paid-up capital on the date that the Board of Directors resolves to increase capital under a general mandate) to the existing shareholders; and (2) allotment of newly issued ordinary shares of not exceeding 195,930,667 shares (10% of the Company’s paid-up capital on the date that the Board of Directors resolves to increase capital under a general mandate) to specific persons. The Board of Directors is authorized to consider and determine whether share allocation shall be made once or several time and whether shares shall be offered to any group before others or offered to all groups together at the same time, and to determine offer price, offer period, and other details and conditions relating to the allotment of newly issued shares. The Company shall completely allocate the newly issued shares either by the date of the next annual general meeting or by the date required by law to hold the next annual general meeting, whichever occurs earlier. Following the allotment of newly-issued shares under (1) and (2) above, the total increase in paid-up capital must not be more than 30% of paid-up capital as of the date that the Company’s Board of directors approved the capital increase or not exceeding 587,792,002 shares.

The Board Meeting No. 2/2017 held on March 1, 2017 has also resolved the allotment of newly issued shares as follows:

- 1) Approved the allotment of newly issued ordinary shares of the Company of not exceeding 391,861,335 shares at the par value of Baht 1 per share to the existing shareholders of the Company proportionally (Rights Offering) at the subscription ration of 5 existing ordinary shares to 1 newly issued ordinary shares where the



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existing shareholders have the right to subscribe newly issued ordinary shares proportionally according to such subscription ratio. The existing shareholders may oversubscribe for the newly issued ordinary shares.

- 2) Approved the allocation of newly issued shares of 62,000,000 shares with the par value at 1 Baht each to the private placement the existing shareholders of G Enterprise & Co Company Limited have sold the entire business of G Enterprise & Co Company Limited to the Company and on 1 March 2017, the Company and the existing shareholders as the seller of G Enterprise & Co Company Limited have amended the payment method of second installment of Baht 62 million by offering newly issued shares of the Company to the existing shareholders as the representative of the existing shareholders of G Enterprise & Co Company Limited instead of the payment by way of cash in accordance with the amendment of the share purchase agreement between the Company and the existing shareholders of G Enterprise & Co Company Limited as the seller.

On March 9, 2017, the Company registered a decrease of share capital with the Ministry of Commerce from Baht 2,887.1 million, divided into 2,887,153,921 ordinary shares with a par value of Baht 1 per share to Baht 2,590.6 million, divided into 2,590,611,678 ordinary shares with a par value of Baht 1 per share.

Subsequently, on March 10, 2017, the Company registered an increase of share capital with the Ministry of Commerce from Baht 2,590.6 million, divided into 2,590,611,678 ordinary shares with a par value of Baht 1 per share to Baht 3,178.4 million, divided into 3,178,403,680 ordinary shares with a par value of Baht 1 per share.

The Company issued 62,000,000 new ordinary shares at a price of Baht 1.00 per share, equivalent to fair value at Baht 0.60 per share at the date of shares issued, totalling of Baht 37.2 million for the second instalment consideration paid in relation to acquisition of G Enterprise & Co Company Limited instead of cash. Share discount on business acquisition were accounted of Baht 24.8 million. The Company registered the increase in the issued and paid-up capital from Baht 1,959.3 million, divided into 1,959,306,678 ordinary shares with a par value of Baht 1 per share, to the new issued and paid-up capital of Baht 2,021.3 million, divided into 2,021,306,678 ordinary shares with a par value of Baht 1 per share, with the Ministry of Commerce on March 20, 2017.

On April 7, 2017, there were subscriptions of the Right Offering Shares of 115,153,598 shares at Baht 0.55 per share, totaling Baht 63.3 million in accordance with the resolution of the Extraordinary General Meeting of Shareholders No. 1/2017. Discount on ordinary shares were accounted in the amount of Baht 51.8 million from the issuance of the Right Offering Shares. The Company registered the increase in the issued and paid-up capital from Baht 2,021 million, divided into 2,021,306,678 ordinary shares with a par value of Baht 1 per share, to the new issued and paid-up capital of Baht 2,136 million, divided into 2,136,460,276 ordinary shares with a par value of Baht 1 per share. The Company registered such change in issued and paid-up capital with the Ministry of Commerce on April 11, 2017.

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**17. Warrants**

As at March 31, 2018, the Company’s warrants are as follows:

Type of warrant	Exercise price per share	Exercise ratio (Warrant : share)	Number of warrants outstanding as at January 1, 2018	Number of warrants exercised during the period	Number of warrants outstanding as at March 31, 2018	Term of warrant
FC-W1 <sup>(1)</sup>	1.408	1 : 1.065	347,000,000	-	347,000,000	December 23, 2010 – December 22, 2020
FC-W2	2.00	1 : 1.00	261,750,000	-	261,750,000	January 9, 2013 - December 22, 2020

<sup>(1)</sup>The Company adjusted for the exercise price and conversion ratio of FC-W1 effective from December 3, 2012. During the period ended March 31, 2018, there are no warrants exercised for FC-W1 and FC-W2.

**18. Earnings per share**

Basic earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

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The following table sets forth the computation of basic earnings per share and diluted earnings per share:

(Unit: Thousand Baht)

	For the three-month period ended March 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Loss for the period from continuing operations	(149,843)	(94,012)	(113,478)	(20,711)
Loss for the period from discontinued operations	-	-	-	-
Loss attributable to equity holders of the Company	(149,843)	(94,012)	(113,478)	(20,711)
Ordinary share (Beginning)	2,136,460	1,959,307	2,136,460	1,959,307
Issue of Ordinary Shares-weighted average in during period	-	17,911	-	17,911
Weighted average number of ordinary shares	2,136,460	1,977,218	2,136,460	1,977,218
Basic earnings per share for equity holder of company (Baht/share)	(0.070)	(0.048)	(0.053)	(0.010)
Basic earnings per share for continuing operations (Baht/share)	(0.070)	(0.048)	(0.053)	(0.010)

There is no disclosure of diluted earnings per share For the three-month period ended March 31, 2018 and 2017 since the exercise price of the warrants was higher than the average market price of the ordinary shares.

**19. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and during the current period, the Group has changed the organisation of their reportable segments by discontinued operation of wireless value added service and interactive solution and internet based information services.

At present, the Group has three reportable segments as follows.

- 1) Food and beverage operations
- 2) Business advisory services, investment and property development consulting services
- 3) Property development

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The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Group financing activities (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

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Revenue and profit information regarding the Group’s operating segments for the three-month period ended March 31, 2018 and 2017 are as follows.

(Unit: Thousand Baht )

	For the three-month period ended 31 March							
	Food and beverage operations		Business advisory services, investment and property development consulting services		Property development		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and advisory income	189,554	145,076	1,691	2,310	-	-	191,245	147,386
Cost of sales	(76,059)	(55,282)	-	-	-	-	(76,059)	(55,282)
Gross profit	113,495	89,794	1,691	2,310	-	-	115,186	92,104
Other income	3,028	890	3,642	2,808	370	375	7,040	4,073
Selling and administrative expenses	(146,873)	(124,150)	(94,627)	(40,317)	(1,590)	(1,593)	(243,090)	(166,060)
Loss before depreciation and amortisation, financial costs and income tax	(30,350)	(33,466)	(89,294)	(35,199)	(1,220)	(1,218)	(120,864)	(69,883)
Depreciation and amortisation	(23,757)	(23,117)	(2,672)	(3,117)	(1,025)	(1,025)	(27,454)	(27,259)
Loss before financial costs and income tax	(54,107)	(56,583)	(91,966)	(38,316)	(2,245)	(2,243)	(148,318)	(97,142)
Financial costs							(11,704)	(11,168)
Loss before income tax revenue							(160,022)	(108,310)
Income tax revenue							2,588	4,127
Loss for the period from continuing operations							(157,434)	(104,183)

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Geographic information

	(Unit: Thousand Baht)			
	Revenue*		Non-current assets**	
	2018	2017	2018	2017
Thailand	165,404	128,266	909,291	1,304,565
Cambodia	24,150	16,810	70,592	64,854
Others	1,691	2,310	219,318	567,316
<b>Total</b>	<b>191,245</b>	<b>147,386</b>	<b>1,199,201</b>	<b>1,936,735</b>

\* Revenue from external customers is based on locations of the customers.

\*\* Non-current assets other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts.

Information of major customers

For the three-month period ended March 31, 2018 and 2017, the Group has no major customer with revenue of 10% or more of an entity’s revenues.

**20. Commitment and contingent liabilities**

20.1 Capital commitments

As at March 31, 2018, two subsidiaries have commitments in respect of technical assistance, design and structural work of project construction in progress in accordance with the terms and conditions outlined in the agreement amounting to Baht 76 million (December 31, 2017: Baht 76 million).

20.2 Operating lease and service commitments

The Group entered into several operating leases agreements in respect of the lease unit of building for offices and restaurants, office equipment and related service agreements. The terms of the agreements are generally between 1 to 10 years. In addition, there are operating lease of land agreements for a contract period of 28 to 30 years.

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Future minimum lease payments required under these operating leases contracts and service agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
Land lease payable:				
In up to 1 year	6.6	6.6	0.4	0.4
In over 1 up to 5 years	27.0	26.8	1.7	1.7
In over 5 years	112.8	114.3	3.5	3.7

(Unit: Million Baht)

	Consolidated				Separate	
	financial statements				financial statements	
	As at March 31, 2018		As at December 31, 2017		As at March 31, 2018	As at December 31, 2017
	Baht	USD	Baht	USD	Baht	Baht
Building and equipment lease payable:						
In up to 1 year	99.0	0.4	105.5	0.4	4.4	4.6
In over 1 up to 5 years	56.4	0.9	52.9	0.9	1.7	2.8
In over 5 years	-	0.3	-	0.4	-	-

20.3 Commitment related to franchise agreements

- a) Domino’s (Thailand) Company Limited (a subsidiary) entered into a franchise agreement with Domino’s Pizza International, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date May 10, 2012.
- b) CBTL (Thailand) Company Limited (a subsidiary) entered into a franchise agreement with CBTL Franchising, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date July 15, 2011.

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- c) Kyochon Company Limited (a subsidiary) entered into a franchise agreement with Kyochon F&B Company Limited in Korea. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Thailand, Laos, Cambodia and Myanmar under trademark “Kyochon”. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date October 1, 2013.
- d) D. Pizza Plc. (a subsidiary) entered into a franchise agreement with Domino’s Pizza International, LLC. This franchise right provides the subsidiary with the exclusive right to operate the restaurant within Cambodia. The subsidiary is committed to pay franchise fee and royalty fee as stipulated in the franchise agreement date December 4, 2014.

**20.4 Guarantees**

As at March 31, 2018, the Company has contingency liabilities in respect of debt guarantees to three local financial institutions. The Company, as a guarantor, shall commit to guarantee the satisfaction and discharge of any and all debts, liabilities and obligations of any kind owing at the date or thereafter from the principal to the financial institution under the credit facility incurred by the related companies, Red Planet Hotels (Thailand) Limited, Red Planet Hotels Two (Thailand) Limited, Red Planet Hotels Three (Thailand) Limited, Red Planet Hotels Four (Thailand) Limited and Red Planet Hotels Five (Thailand) Limited in the facility amount of Baht 92 million, Baht 72 million, Baht 60 million, Baht 95 million and Baht 120 million, respectively. The Company receives a debt guarantee from Red Planet Hotels Limited, an related company, incorporated in the Cayman Islands, committing to guarantee all obligations by the Company to five related companies in addition to indemnities and warranties to the Company.

**20.5 Litigations**

As of 31 March 2018, the Company and its subsidiaries have no any litigations or unresolved litigations cases.

**21. Purchase of group business “Osha”**

In March 2017, Food Capitals (USA), Inc., a wholly owned subsidiary, incorporated in the State of Delaware, United States of America, had entered into a transaction to acquire all restaurants and bar’s business under the trade name of “Osha” which consisting of all issued and fully-paid shares of (1) Osha Thai 2nd Street, Inc.(2) Osha Thai Embarcadero, Inc. (3) New Osha Thai, Inc. (4) After Osha LLC representing limited companies, incorporated in California, United States of America in order to acquire the exclusive right to operate and manage the restaurants and bars’ business under the trade name of “Osha” from the existing shareholder with the transaction value of up to USD 8,500,000. Such transaction have condition precedent which were agreed by the parties.



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In November 2017, the Company’s Board of Directors has resolved to terminate the proposal to purchase of Osha’s Group business. On 13 March 2018, the Company obtained mutually termination agreement with the Seller, in which good faith compensation had paid to the Seller for the consideration of such mutually termination as to avoid any litigation in the future.

**22. Business Integration plan**

The Company, represented by a major shareholder Mr. Krit Srichawla and other shareholders of the Company (comprising Fico Corporation Company Limited, Mr. Akraej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) and PRG Development Co., Ltd. (“PRGD”), will be entering into a Share Subscription Agreement, pursuant to the business integration plan between the Company and PRGD, by transferring the entire assets and liabilities of PRGD, i.e. all shares in Prime Road Alternative Co., Ltd. (“PRA”) which are held by PRGD, to the Company. The EBT will include the entire assets and liabilities of PRGD, including without limitations, any rights, duties, obligations, commitments and liabilities that PRGD may have as at the date of the acceptance of the EBT (the "EBT Transaction"). The Company will be allotted of 14,881,481,481 newly issued securities of the Company with at the Par Value of Baht 1 per share, at the price of Baht 0.27 (the price is below the par value of the Company's share), thus having total value of Baht 4,018,000,000, as pay in kind consideration to PRGD for the EBT of share in PRA amounting to 4,018,001 shares at the par value of Baht 1,000 per share to the Company (the "Allocation of Securities") (the transactions shall be collectively referred to as the "EBT Transaction and the Allocation of Securities").

If 1) the Extraordinary General Meeting of shareholders of the Company considers and approves the increase in the registered capital of the Company and the allocation of newly issued shares pursuant to the EBT Transaction and the Allocation of Securities, and 2) the subscription of newly issued shares of the Company pursuant to the EBT Transaction and the Allocation of Securities, including the conditions precedent to the Shares Subscription Agreement between the Company, the major shareholders of the Company and PRGD (and/or designated person) ("Share Subscription Agreement") pursuant to the completion of the Allocation of Securities, and the Company has registered the paid up capital increase for the newly issued shares allocated to PRGD, and 3) the completion of the subscription of Warrant RO. Thus, PRGD will hold a total of 14,881,481,481 shares in the Company, representing approximately 87.45 percent of total voting rights in the Company after the allocation. This shareholding percentage is more than 75 of the total voting right in the Company, thereby causing PRGD to have the obligation to make a Mandatory Tender Offer. However, PRGD will have the obligation to make a Mandatory Tender Offer when 1) the conditions precedent to the Shares Subscription Agreement become completed, and 2) the conditions to the tender offer documents become completed.

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The tender offer price shall be at Baht 0.27 per share, the tender offer price shall be the highest price which the tender offeror acquired the securities within 90 days prior to the submission of the tender offer in exchange for the EBT from PRGD. Thus, the tender offer price is the fair value price of PRGD (Baht 4,018,000,000) which are appraised by the financial advisor, by comparing to the amount of shares in the Company using for the exchange (14,881,481,481 shares), pursuant to section 247 of the Securities and Exchange Act (as amended) (the "SEC Act") and the Notification of the Capital Market Supervisory Board Tor Chor 12/2554 re: criteria, conditions and methods of takeover, dated 13 May 2011, as amended. In this regard, if any person(s) who receive the shares from the allocation holding the shares and reaching the trigger point, the person(s) shall make a tender offer according to the relevant rules. However, in this case, the person who has the obligation to make a Mandatory Tender Offer will not has the obligation to make a tender offer for FC-W1 and FC-W2 since the exercise price according to the warrants are higher than the tender offer price, and the person who has the obligation to make a Mandatory Tender Offer will not receive any warrant by paying consideration within 90 days prior to the submission of the tender offer to the Securities and Exchange Commission.

**23. Subsequent Event**

23.1 The Annual General Meeting of Shareholders held on April 23, 2018 have resolved of the key following matters in accordance with the Merger & Acquisition plan as discussed as follows:

23.1.1 Approve the reduction of the registered capital of the Company from Baht 3,178,403,680 to Baht 2,767,765,276 by removing the paid-up ordinary shares in the amount of 410,638,404 shares at par value of Baht 1, which is the remaining registered ordinary shares from General Mandate by not removing the registered capital that reserved for the exercise of Warrants to purchase the ordinary shares of the Company (FC-W1 and FC-W2).

The Company has registered reduction of the registered capital with the Ministry of Commerce on May 7, 2018.

23.1.2 Approve the transfer of legal reserve in the amount of Baht 2,661,312, and share premium and share discount in the amount of Baht 322,889,525 to compensate the retained loss of the Company, which after the compensation will be Baht 1,196,728,185.

23.1.3 Approve the increasing in the registered capital from Baht 2,767,765,276 to Baht 25,508,354,215 by issue the ordinary shares in the amount of 22,740,588,939 shares at par value of Baht 1 each.

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The Company registered increase in of its registered share capital with the Ministry of Commerce on 9 May 2018.

- 23.1.4 Approve the allocation of securities of the Company in amount of 22,740,588,939 shares at a par value of Baht 1 to 1) Private Placement, which is at below market price and shall be made as a consideration to PRGD pursuant to the EBT Plan, which the offering price is a specific price that the shareholders’ meeting has resolved, at the specific offering price at Baht 0.27 (the price is below the par value of the Company’s share), in the amount of 14,881,481,481 share at a par value of Baht 1, thus having the total value of offering of not exceeding Baht 4,018,000,000 and 2) to reserve for to reserve for the exercise of the warrants to purchase the ordinary shares of the Company No.5 (FC-W5) and the warrants to purchase the ordinary shares of the Company No.6 (FC-W6) which is allocated to Warrant RO in the amount of 7,317,714,958 share at a par value of Baht 1 and 3) To reserve for the exercise of the warrants to purchase the ordinary shares of the Company No.5 (FC-W1) and the warrants to purchase the ordinary shares of the Company No.6 (FC-W2) which is allocated to Warrant RO in the amount of 541,392,500 share at a par value of Baht 1.
- 23.1.5 Approve the issuance and offering of Warrants for the newly issued ordinary shares to the existing shareholders by the Rights Offering (Warrant RO) FC-W5 and FC-W6) in the amount of 7,317,714,958 units, comprised of 4,481,391,331 shares for FC-W5 and 2,836,323,627 units for FC-W6, which shall be allocated to the existing shareholders at the ratio of 6 ordinary shares per 1 unit of the warrant with the exercise price of Baht 1.000 for FC-W5 and Baht 1.077 for FC-W6 , for the future projects, business expansion, and/or working capital of the Company’s businesses including the power plants which generates electricities from the renewable energy both in Thailand and international when exercises the right of the warrant to buy company’s shares.
- 23.1.6 Approved the business integration plan between the Company and PRGD by transferring all assets and liabilities of PRGD to the Company by the way of EBT, which is included but not limited to rights, obligation, liabilities, and responsibilities that PRGD has or shall have at the date of transferring business (**EBT**).

When comparing the fair value of PRA and the Company calculated by the financial advisor of the Company, UOB Kay Hian Securities (Thailand) Public Company Limited, as of 17 Novemebr 2017, the Board of Directors passed the resoulution to allocate 14,881,481,481 share with par value of Baht 1.00 per share at the offering price of Baht 0.27 per share (lower than par value of the Company), which is equal to total amount of Baht 4,018,000,000 to PRGD to make a

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payment in kind to PRGD and PRGD will use 4,018,001 shares with par value of Baht 1,000 to make a payment in kind to the Company at swap ratio of 3,703.70 shares of the Company to 1 share of PRA. ("**Shares Allocation**") (Collectively "**EBT and Share Allocation**")

This EBT Transaction and the Allocation of Securities may take place only upon the completion of the conditions precedent specified under the Memorandum of Understanding among the Company, Mr. Krit Srichawla, other shareholders (comprising Fico Corporation Company Limited, Mr. Akraej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) and Mr. Somprasong and Mr. Surachet, dated 28 September 2017, in the Share Subscription Agreement and the Entire Business Transfer Agreement are completed, which is expected to be 30 April 2018, unless agreed by PRGD. The key conditions precedent can be summarized as follows;

- a) the approvals from the Board of Directors meeting and the general meeting of shareholders for the registered capital reduction, capital increase, the acquisition of assets and the entering into the connected transaction in relation to the EBT Transaction and the Allocation of Securities, including for the entering into the transaction of divestment of subsidiaries, (including 1) Evolution Foods (Thailand) Company Limited, 2) Fenix Iron Fairies Company Limited and 3) FC Commissary Company Limited (collectively called as “the Divestment of Subsidiaries according to the Condition Precedent), entering into the connected transaction for the Company to exercise the put option to the Major shareholder, the fund raising. In addition, the Company will amend the name of the Company, the Company seal, the Article of Association and the Company’s objectives.
- b) the approvals from the Board of Directors meeting and the general meeting of shareholders for the business integration plan by way of the EBT, including the appointment of candidates nominated by PRGD or their designated person(s) to the Board of Directors of the Company as may be agreed upon among parties.
- c) the approvals must be obtained by the Company from (1) the Office of the Securities and Exchange Commission (the "Office of the SEC") for the offering of the newly issued shares in the Private Placement with to the specific offering price determined by the shareholders meeting On 23 March 2018, which the Company must to offering of the newly issued shares within 3 months; and (2) the SET for the EBT Transaction, which is considered an acquisition of material asset Type 4; and the approval must be obtained by

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the Company for the Relisting of the Company in order for the SET to list the Company's ordinary shares on the SET. The Company expected to submit the relisting application by 2 April 2018.

- d) the approvals from the bondholders meeting for the EBT Transaction and the Allocation of Securities, including the connected transactions, which the Bondholders meeting already passed resolution on 4 April 2018.
- e) there is no event causing PRGD to have the obligation to make a Mandatory Tender Offer for the existing Warrants of the Company including but not limited to FC-W1 and FC-W2.
- f) the Company will open an Escrow account for the purpose of securing funds received from divestment in subsidiaries, bond issuance, exercising put option by 30 April 2018 to repay the principle and interest of the outstanding debenture, which is due on 11 May 2018.
- g) Prior to the closing date, the Company's net asset fair value shall be worth Baht 576.8 million, which is derived by multiplying the fair value per share of the Company calculated by UOB Kay Hian Securities (Thailand) Public Company Limited as a financial advisor of the Company by 2,136,460,276 paid-up shares of the Company as of 30 September 2017.

23.1.7 Approve the transaction of the disposal of investment in the Company. The disposition of the investment in this subsidiary must take place prior to the business transfer and the allotment of the completed shares, which will be completed by 30 April 2018 in accordance with the conditions precedent of The Memorandum of Understanding (MOU) between the Company, Mr. Krit Srichawla, other shareholders (including Fico Corporation company limited, Mr. Akaradej Srichawla, Mr. Theprit Srichawla, Mr. Amorn Srichawla and Mr. Sanjay Kumar Singh) of the Company and Mr. Somprasong, Mr. Surachet dated September 28, 2017 and the Shares Subscription Agreement with conditions of precedents.

- a) Disposition of investment in subsidiaries to the third party as follows:
  - a1) Evolution Foods (Thailand) Company Limited As disposal transaction
  - a2) Fenix Iron Fairies Company Limited As disposal transaction
  - a3) FC Commissary Company Limited As disposal transaction

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b) Disposition of investment in subsidiaries to the major shareholders or the person assigned by the major shareholder, this is a connected transaction. In the case that it can not be sold to a third party within 30 April 2018. The term of payment shall be made within 15 months from the date of the entire business transfer and the allotment is completed by the term. The payment term of 15 months period is a result of the negotiation and the major shareholders are obliged to purchase the investment in this subsidiary, if the company can not find the interested buyers within the period, the major shareholders expect to use in the process of disposal of investment in ordinary shares of the subsidiary. The process of acquiring those who are interested in acquiring outside shares of the subsidiary, the process of verifying the accuracy of information and valuation of interested buyers as well as, the major shareholders to provide the source of funds to purchase the subsidiary's investment.

b1) Evolution Foods (Thailand) Company Limited As connected transaction

b2) Fenix Iron Fairies Company Limited As connected transaction

b3) FC Commissary Company Limited As connected transaction

23.1.8 Approved the amendment to the Memorandum of Association, the Articles of Association, the list of objectives and the authorized directors of the Company, to be consistent with the change of the Company's name and the Company's corporate seal, pursuant to the business integration plan, as per the details as follows, after the completion of the EBT Transaction.

The change to the name of the company:

From “Food Capitals Public Company Limited”

initial “FC”

To “Prime Road Power Public Company Limited”

initial “PRIME”

23.1.9 Approve to extend the exercise of Put Option from 60 days to be 6 months in which the last exercise date from 26 January 2018 to 26 May 2018 according to the resolution of the Board of Directors Meeting of the Company No. 10/2017, held on 15 December 2017, as well as the entering into the transaction of divestment of subsidiaries, Casa Fico Company Limited and Fena Park Company Limited, to Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theparit Srichawla and Mr. Akaradej Srichawla ("Srichawla Group") which is the connected person

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by exercising the put option to sell back 14,250,000 shares of Casa Fico Company Limited which is equal to the proportion of 50% of its authorized and issued shares and 5,000,000 shares of Fina Park Company Limited which is equal to the proportion of 50% of its authorized and issued shares at totaling value of Baht 183.95 million and Baht 64.55 million respective. According to the conditions on Sale Purchase Agreement between Srichawla Group and the Company dated 14 November 2012.

23.2 The Board of Directors Meeting No. 7/2018 held on April 27, 2018 has resolved of the key following matters:

23.2.1 Approved the issuance of the Secured Debenture No. 1/2018 in the amount up to Baht 200 million, and has debenture’s representative, due maturity within 15 months.

Type	The Secure Debenture of Food Capitals PCL. No. 1/2018 and has the Debenture’s representative.
Amount	Up to Baht 200 million
Maturity period	Within 15 months
Interest rate	At the rate not exceeding than 9.50% per annum (which the rate shall be included underwriting fees and the allotment expenses related).
Collaterals	- Vacant land owned by the Company - Vacant land owned by the subsidiary – Casa Fico Co., Ltd.

On 4 May 2018, the Company issued the secured debenture No. 1/2018 in the amount Baht 200 million at the coupon rate of 7.25% per annum.

The Company has registered with the mortgage of land owned by the Company and the subsidiary – Casa Fico Co., Ltd. used as collaterals for the issuance of the Company’s debenture at secure amount of Baht 200 million on May 6, 2018.

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23.2.2 Approved the issuance of the Bills of Exchange allot to the Private Placement investors with maturity date not grater than 12 months from the issued date in the amount up to Baht 439 million.

Type	Bills of Exchange
Amount	Up to Baht 439 million
Maturity period	Within 12 months from the issued date
Collaterals	<ul style="list-style-type: none"> <li>- Ordinary shares in Red Planet Hotels Limited, representing 10.9% of the issued and paid-up of shares of Red Planet Hotels Limited.</li> <li>- Ordinary shares in G Enterprise &amp; CO Co., Ltd., representing 99.9% of the issued and paid-up of shares of G Enterprise &amp; CO Co., Ltd.</li> <li>- Assignment of leasehold rights of land in Samui, Surathani.</li> </ul>
Interst rate	At the rate not exceeding than 10.00% per annum (which the rate shall be included all allotment fees related).

The Company issued the Bills of Exchange in the amount Baht 439 million with the coupon rate at 8.75% and 10.00% per annum on May 3, 2018.

23.3 The Board of Directors Meeting No. 8/2018 held on May 14, 2018 has resolved the extension of short-term revolving credit line amount granted from Mr. Krit Srichawla, considered as connected person transaction from the existing credit line amount of Baht 30 million to the new line of credit up to Baht 60 million for the purpose of using for the Company’s working capital under the same term and condition as previously agreed i.e. interest at the rate of 6.80% per annum and due payable within 12 months each tranche.

Lender name	Mr. Krit Srichawla
Type	Short-term revolving credit
Purpose	Used for the Company’s working capital
Credit line amount	Not exceeding to Baht 60 million (from the existing credit line amount of Baht 30 million to the new credit line of up to Baht 60 million)
Period	Due payable within 12 months each tranche
Interest rate	6.80% per annum

**24. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on May 14, 2018.