

**FOOD CAPITALS PUBLIC COMPANY LIMITED AND  
SUBSIDIARIES  
CONSOLIDATED AND SEPARATE  
INTERIM FINANCIAL STATEMENTS  
JUNE 30, 2018  
ON REVIEW OF INTERIM FINANCIAL INFORMATION**

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Board of Directors of Food Capitals Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Food Capitals Public Company Limited and its subsidiaries as at June 30, 2018, the related consolidated statements of comprehensive income for the three-month and six-month period then ended, the consolidated statements of changes in shareholders' equity and cash flows for the three-month and six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Food Capitals Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 "Interim Financial Reporting".

### **Emphasis of matters**

Without additional qualifying my opinion, I draw the attention to;

- (1) Note 2 to interim financial statements, For the six-month period ended June 30, 2018, the Group posted total comprehensive loss of Baht 283.43 million and resulted negative of net cash flows from operation amount of Baht 79 million. As at June 30, 2018 the Group had deficit of Baht 2,158.25 million. For the six-month period ended June 30, 2018, The Company posted total comprehensive loss of Baht 829.22 million and resulted net negative cash flows from operation amount of Baht 49.84 million. As at June 30, 2018 the Company had deficit of Baht 2,025.95 million.

**Emphasis of matters (Cont.)**

As discussed in Note 15 to the interim financial statements, the Company had short-term loans in form of bills of exchange of Baht 298 million and Baht 141 million, due for repayment on January 28, 2019 and May 3, 2019, respectively. In addition, as discussed in Note 16, the Company had debenture of Baht 200 million due for repayment on August 4, 2019. As discussed in Note 9 to interim financial statements, On July 20, 2018, the Company and Fenix Foods World Co., Ltd., a buyer under Share Purchase Agreement, had entered into a Mutually Termination Agreement as due to the notification made by the Stock Exchange of Thailand regarding the results of the Relisting application informed that the Company does not meet such qualification for Relisting in accordance with Regulation of the Stock Exchange of Thailand Re: Listing of Securities, Disclosure of Information and Delisting of Securities in the “Market for Alternative Investment (mai)” B.E. 2560. However, the parties under the Share Subscription Agreement have agreed to continue proceed the transaction in relation to acceptance of the Entire Business Transfer and the allotment of newly issued securities. The Company is currently in the process of restructuring to meets the qualifications of the Regulation of the Stock Exchange of Thailand and shall proceed for re-submitting of the Relisting application with the Stock Exchange of Thailand. This circumstances indicate the existence of a material uncertainties which cause significant doubt about the Group’s and the Company’s abilities to continue as going concern.

- (2) Note 9, pursuant to the Share Purchase Agreement, On June 29, 2018, for the disposition of investment in 3 subsidiaries comprised Evolution Foods (Thailand) Co., Ltd., Fenix Iron Fairies Co., Ltd. and FC Commissary Co., Ltd., it is agreed by the parties that the Company has to transfer all rights and obligations of the loans due receivable from those subsidiaries to the buyer. As resulted from such investment disposition, the Company recorded impairment losses from assets in the separate financial statements for the six-month period ended 30 June 2018, totaling amount Baht 718 million, based on the net recoverable amount shall be received from such investment disposition transaction. Impairment losses recognized in this period comprised loss from investment in subsidiaries amount of Baht 259 million, loss from loans to the subsidiaries amount of Baht 242 million, accrued interest provided to the subsidiaries of Baht 126 million and doubtful debt on the other receivables due from related companies amount of Baht 91 million. However, such disposition of investment will be made upon the completion of the Entire Business Transfer and the allotment of newly issued shares in according to the business integration plan.

**Emphasis of matters (Cont.)**

- (3) Note 10 to interim financial statements, as at June 30, 2018, the Group presented other investments based on reassessment value of Baht 246.3 million. Pursuant to the Conditions Subsequent stated in Share Subscription Agreement, these investments have to dispose to the third party buyers within 12 months after the completion date of EBT or on later date as mutually agreed by the parties. However, if the Company cannot seek the buyer to purchase such investments, 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 investments in the amount Baht 203.7 million when complete such divestment of investments.

**(Mr. Jadesada Hungsapruet)**

Certified Public Accountant

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand.

August 14, 2018

Food Capitals Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
		"REVIEWED"		"REVIEWED"	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		21,525	31,636	696	1,202
Trade and other current receivables	4,5	49,788	54,261	20,185	108,172
Other current receivables from sale of investment	4,9	44,301	-	44,301	-
Short-term loan to unrelated party	6	5,143	5,143	-	-
Short-term loans to related parties	4	-	-	284,474	624,160
Inventories		30,798	28,759	-	-
Other current assets		29,757	25,133	6,172	4,054
<b>Total current assets</b>		<b>181,312</b>	<b>144,932</b>	<b>355,828</b>	<b>737,588</b>
<b>Non-current assets</b>					
Receivable from sale of investment	7	-	-	-	-
Investments in associates	8	-	-	-	-
Investments in subsidiaries	9	-	-	333,491	875,189
Other investments	10	246,340	246,340	-	-
Long-term loans to a related party	4	-	-	102,682	108,123
Project development cost in progress		297,000	297,000	-	-
Investment properties		54,699	54,699	54,699	54,699
Leasehold improvements and equipment	11	268,561	315,213	20,501	24,348
Goodwill	12	8,387	84,633	-	-
Intangible assets	13	94,980	102,070	7,479	8,553
Leasehold right of land	14	129,287	132,682	51,254	52,617
Deferred tax assets		27,692	23,330	-	-
Other non-current assets		66,513	65,920	4,542	4,447
<b>Total non-current assets</b>		<b>1,193,459</b>	<b>1,321,887</b>	<b>574,648</b>	<b>1,127,976</b>
<b>Total assets</b>		<b>1,374,771</b>	<b>1,466,819</b>	<b>930,476</b>	<b>1,865,564</b>

Food Capitals Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
		"REVIEWED"		"REVIEWED"	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdraft		24,636	26,912	24,636	26,912
Trade and other current payables		210,526	164,066	37,629	19,526
Current portion of share payable		18,965	11,146	18,965	11,146
Short-term loans	15	414,277	-	414,277	-
Current portion of debentures	16	-	596,877	-	596,877
Current portion of long-term loans from related parties	4	-	138,240	-	138,240
Short-term loans from unrelated parties		7,398	8,860	-	-
Other current financial liabilities		1,089	1,023	1,076	883
Other current liabilities		26,087	19,818	18,991	16,649
<b>Total current liabilities</b>		<b>702,978</b>	<b>966,942</b>	<b>515,574</b>	<b>810,233</b>
<b>Non-current liabilities</b>					
Debentures	16	195,077	-	195,077	-
Non-current portion of share payable		-	7,819	-	7,819
Long-term loans from related parties	4	66,897	28,610	60,811	59,601
Deferred tax liabilities		19,463	20,707	-	-
Provision for long-term employee benefits		8,747	7,733	1,714	1,573
Other non-current financial liabilities		2,875	3,507	2,875	3,507
Other non current liabilities		17,078	16,025	5,952	5,135
<b>Total non-current liabilities</b>		<b>310,137</b>	<b>84,401</b>	<b>266,429</b>	<b>77,635</b>
<b>Total liabilities</b>		<b>1,013,115</b>	<b>1,051,343</b>	<b>782,003</b>	<b>887,868</b>

Food Capitals Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
		"REVIEWED"		"REVIEWED"	
<b>Shareholders' equity</b>					
Share capital					
Registered	17				
25,508,354,215 ordinary shares of Baht 1 each		25,508,354	3,178,404	25,508,354	3,178,404
Issued and paid up	17				
2,136,460,276 ordinary shares of Baht 1 each		2,136,460	2,136,460	2,136,460	2,136,460
Share premium	18	-	467,710	-	467,710
Share discount on business acquisition	18	-	(144,820)	-	(144,820)
Warrants	19	37,964	37,964	37,964	37,964
Retained earnings (deficit)					
Appropriated - Statutory reserve		-	2,661	-	2,661
Unappropriated	18	(2,158,253)	(2,200,229)	(2,025,951)	(1,522,279)
Other components of shareholders' equity		282,698	124,858	-	-
Equity attributable to owners of the Company		298,869	424,604	148,473	977,696
Non-controlling interests of subsidiaries		62,787	(9,128)	-	-
<b>Total shareholders' equity</b>		361,656	415,476	148,473	977,696
<b>Total liabilities and shareholders' equity</b>		1,374,771	1,466,819	930,476	1,865,564

Directors

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Directors

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**Food Capitals Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the three-month period ended June 30, 2018**

(Unit: Thousand Baht except earnings per share expressed in Baht)					
	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Continuing operations</b>					
Sales	4	172,351	173,375	-	-
Advisory income		2,149	1,845	-	-
Sub-franchise income		25	15	-	-
<b>Total revenues from sales and services</b>		<u>174,525</u>	<u>175,235</u>	<u>-</u>	<u>-</u>
Cost of sales	4	(73,329)	(61,374)	-	-
<b>Total costs of sales and services</b>		<u>(73,329)</u>	<u>(61,374)</u>	<u>-</u>	<u>-</u>
<b>Gross profit</b>		101,196	113,861	-	-
Management income	4	498	454	6,101	20,963
Interest income	4	26	898	14,195	12,536
Other income	4	8,311	4,109	3,943	3,805
Gain on sale of investment in subsidiaries	9	-	-	68,289	-
Gain on sale of investment in associates	8	10,200	-	-	-
Selling expenses		(132,562)	(139,784)	-	-
Administrative expenses		(116,860)	(154,900)	(792,321)	(184,816)
Financial costs	4	(15,821)	(11,594)	(15,952)	(11,381)
<b>Loss before income tax revenue</b>		<u>(145,012)</u>	<u>(186,956)</u>	<u>(715,745)</u>	<u>(158,893)</u>
Income tax revenue		3,018	4,868	-	-
<b>Loss for the period from continuing operations</b>		<u>(141,994)</u>	<u>(182,088)</u>	<u>(715,745)</u>	<u>(158,893)</u>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations		(145)	(1,323)	-	-
<b>Loss for the period</b>		<u>(142,139)</u>	<u>(183,411)</u>	<u>(715,745)</u>	<u>(158,893)</u>
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency					
		5,684	211	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax					
		5,684	211	-	-
<b>Other comprehensive income for the period</b>		<u>5,684</u>	<u>211</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>(136,455)</u>	<u>(183,200)</u>	<u>(715,745)</u>	<u>(158,893)</u>



**Food Capitals Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the three-month period ended June 30, 2018**

(Unit: Thousand Baht except earnings per share expressed in Baht)					
		Consolidated financial statements		Separate financial statements	
Notes	2018	2017	2018	2017	
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company					
	Loss for the period from continuing operations	(133,587)	(172,392)	(715,745)	(158,893)
	Loss for the period from discontinued operations	(145)	(1,323)	-	-
	Loss for the period attributable to equity holders of the Company	<u>(133,732)</u>	<u>(173,715)</u>	<u>(715,745)</u>	<u>(158,893)</u>
Non-controlling interest of the subsidiaries					
	Loss for the period from continuing operations	(8,407)	(9,696)		
	Loss for the period from discontinued operations	-	-		
	Loss for the period attributable to non-controlling interests of the subsidiaries	<u>(8,407)</u>	<u>(9,696)</u>		
		<u>(142,139)</u>	<u>(183,411)</u>		
<b>Total comprehensive income attributable to:</b>					
	Equity holders of the Company	(122,232)	(163,261)	<u>(715,745)</u>	<u>(158,893)</u>
	Non-controlling interest of the subsidiaries	<u>(14,223)</u>	<u>(19,939)</u>		
		<u>(136,455)</u>	<u>(183,200)</u>		
<b>Earnings per share</b>					
		20			
<b>Basic earnings per share</b>					
	Loss attributable to equity holders of the Company	<u>(0.063)</u>	<u>(0.082)</u>	<u>(0.335)</u>	<u>(0.075)</u>
Basic earnings per share for continuing operations					
	Loss from continuing operations attributable to equity holders of the Company	<u>(0.063)</u>	<u>(0.081)</u>		
<b>Diluted earnings per share</b>					
	Loss attributable to equity holders of the Company	<u>(0.063)</u>	<u>(0.082)</u>	<u>(0.335)</u>	<u>(0.075)</u>
Diluted earnings per share for continuing operations					
	Loss from continuing operations attributable to equity holders of the Company	<u>(0.063)</u>	<u>(0.081)</u>		

Food Capitals Public Company Limited and its subsidiaries  
Statements of comprehensive income  
For the six-month period ended June 30, 2018

(Unit: Thousand Baht except earnings per share expressed in Baht)					
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
<b>Continuing operations</b>					
Sales	4	361,881	318,423	-	-
Advisory income		3,840	4,155	-	-
Sub-franchise income		49	43	-	-
<b>Total revenues from sales and services</b>		<u>365,770</u>	<u>322,621</u>	<u>-</u>	<u>-</u>
Cost of sales	4	(149,388)	(116,656)	-	-
<b>Total costs of sales and services</b>		<u>(149,388)</u>	<u>(116,656)</u>	<u>-</u>	<u>-</u>
<b>Gross profit</b>		216,382	205,965	-	-
Management income	4	952	874	12,332	40,433
Interest income	4	42	906	27,959	23,428
Other income	4	14,881	7,754	8,827	6,576
Gain on sale of investment in subsidiaries	9	-	-	68,289	-
Gain on sale of investment in associates	8	10,200	-	-	-
Selling expenses		(273,078)	(264,164)	-	-
Administrative expenses		(246,888)	(223,839)	(918,854)	(227,644)
Financial costs	4	(27,525)	(22,762)	(27,776)	(22,397)
<b>Loss before income tax revenue</b>		<u>(305,034)</u>	<u>(295,266)</u>	<u>(829,223)</u>	<u>(179,604)</u>
Income tax revenue		5,606	8,995	-	-
<b>Loss for the period from continuing operations</b>		<u>(299,428)</u>	<u>(286,271)</u>	<u>(829,223)</u>	<u>(179,604)</u>
<b>Discontinued operations</b>					
Loss for the period from discontinued operations		(145)	(1,323)	-	-
<b>Loss for the period</b>		<u>(299,573)</u>	<u>(287,594)</u>	<u>(829,223)</u>	<u>(179,604)</u>
<b>Other comprehensive income:</b>					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency					
		3,997	448	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax					
		3,997	448	-	-
<b>Other comprehensive income for the period</b>		<u>3,997</u>	<u>448</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>(295,576)</u>	<u>(287,146)</u>	<u>(829,223)</u>	<u>(179,604)</u>

**Food Capitals Public Company Limited and its subsidiaries**  
**Statements of comprehensive income**  
**For the six-month period ended June 30, 2018**

(Unit: Thousand Baht except earnings per share expressed in Baht)				
	Consolidated financial statements		Separate financial statements	
Notes	2018	2017	2018	2017
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company				
Loss for the period from continuing operations	(283,430)	(266,404)	(829,223)	(179,604)
Loss for the period from discontinued operations	(145)	(1,323)	-	-
Loss for the period attributable to equity holders of the Company	<u>(283,575)</u>	<u>(267,727)</u>	<u>(829,223)</u>	<u>(179,604)</u>
Non-controlling interest of the subsidiaries				
Loss for the period from continuing operations	(15,998)	(19,867)		
Loss for the period from discontinued operations	-	-		
Loss for the period attributable to non-controlling interests of the subsidiaries	<u>(15,998)</u>	<u>(19,867)</u>		
	<u>(299,573)</u>	<u>(287,594)</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company				
	(280,829)	(267,863)	<u>(829,223)</u>	<u>(179,604)</u>
Non-controlling interest of the subsidiaries				
	<u>(14,747)</u>	<u>(19,283)</u>		
	<u>(295,576)</u>	<u>(287,146)</u>		
<b>Earnings per share</b>				
	20			
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the Company	<u>(0.133)</u>	<u>(0.131)</u>	<u>(0.388)</u>	<u>(0.087)</u>
Basic earnings per share for continuing operations				
Loss from continuing operations attributable to equity holders of the Company	<u>(0.133)</u>	<u>(0.130)</u>		
<b>Diluted earnings per share</b>				
Loss attributable to equity holders of the Company	<u>(0.133)</u>	<u>(0.131)</u>	<u>(0.388)</u>	<u>(0.087)</u>
Diluted earnings per share for continuing operations				
Loss from continuing operations attributable to equity holders of the Company	<u>(0.133)</u>	<u>(0.130)</u>		

"UNAUDITED"  
"REVIEWED"

Food Capitals Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended June 30, 2018

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
	Notes	Equity attributable to owners of the Company					Other components of equity						
		Issued and paid-up capital	Share premium	Share discount on business acquisition	Warrants	Retained earnings (deficit) Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Other changes by the owners	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
							Exchange differences on translation of financial statements	Surplus on change in percentage of shareholding in a subsidiary					
<b>Balance as at January 1, 2018</b>		2,136,460	467,710	(144,820)	37,964	2,661	(2,200,229)	15,829	109,029	124,858	424,604	(9,128)	415,476
Accumulated loss compensation	18	-	(467,710)	144,820	-	(2,661)	325,551	-	-	-	-	-	-
<b>As at January 1, 2018</b>													
- After accumulated loss compensation		2,136,460	-	-	37,964	-	(1,874,678)	15,829	109,029	124,858	424,604	(9,128)	415,476
Total comprehensive income for the period		-	-	-	-	-	(283,575)	(3,997)	-	(3,997)	(287,572)	(14,747)	(302,319)
Other - Changes in ownership interests in subsidiaries of controlling interests without a change in control													
- from sale of investment		-	-	-	-	-	-	-	161,837	161,837	161,837	86,662	248,499
<b>Balance as at June 30, 2018</b>		<u>2,136,460</u>	<u>-</u>	<u>-</u>	<u>37,964</u>	<u>-</u>	<u>(2,158,253)</u>	<u>11,832</u>	<u>270,866</u>	<u>282,698</u>	<u>298,869</u>	<u>62,787</u>	<u>361,656</u>
<b>Balance as at January 1, 2017</b>		1,959,307	519,529	(120,020)	37,964	2,661	(1,256,900)	16,594	109,029	125,623	1,268,164	28,810	1,296,974
Ordinary shares issued		177,153	(51,819)	(24,800)	-	-	-	-	-	-	100,534	-	100,534
Total comprehensive income for the period		-	-	-	-	-	(267,727)	(136)	-	(136)	(267,863)	(19,283)	(287,146)
<b>Balance as at June 30, 2017</b>		<u>2,136,460</u>	<u>467,710</u>	<u>(144,820)</u>	<u>37,964</u>	<u>2,661</u>	<u>(1,524,627)</u>	<u>16,458</u>	<u>109,029</u>	<u>125,487</u>	<u>1,100,835</u>	<u>9,527</u>	<u>1,110,362</u>

The accompanying notes are an integral part of the financial statements.

"UNAUDITED"

"REVIEWED"

Food Capitals Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended June 30, 2018

(Unit: Thousand Baht)

		Separate financial statements						
	Notes	Issued and paid-up capital	Share premium	Share discount on business acquisition	Warrants	Retained earnings (deficit) Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
<b>Balance as at January 1, 2018</b>		2,136,460	467,710	(144,820)	37,964	2,661	(1,522,279)	977,696
Accumulated loss compensation	18	-	(467,710)	144,820	-	(2,661)	325,551	-
<b>As at January 1, 2018</b>								
- After accumulated loss compensation		2,136,460	-	-	37,964	-	(1,196,728)	977,696
Total comprehensive income for the period		-	-	-	-	-	(829,223)	(829,223)
<b>Balance as at June 30, 2018</b>		2,136,460	-	-	37,964	-	(2,025,951)	148,473
<b>Balance as at January 1, 2017</b>		1,959,307	519,529	(120,020)	37,964	2,661	(936,109)	1,463,332
Ordinary shares issued		177,153	(51,819)	(24,800)	-	-	-	100,534
Total comprehensive income for the period		-	-	-	-	-	(179,604)	(179,604)
<b>Balance as at June 30, 2017</b>		2,136,460	467,710	(144,820)	37,964	2,661	(1,115,713)	1,384,262

The accompanying notes are an integral part of the financial statements.

"UNAUDITED"

"REVIEWED"

**Food Capitals Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the six-month period ended June 30, 2018**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Loss before tax from continuing operations	(305,034)	(295,266)	(829,223)	(179,604)
Loss before tax from discontinued operations	(145)	(1,323)	-	-
Loss before tax	(305,179)	(296,589)	(829,223)	(179,604)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Trade accounts receivable and other current receivables (increase) decrease	2,673	6,511	(4,813)	(47,297)
Inventories (increase) decrease	(2,039)	8,140	-	-
Other current assets (increase) decrease	(4,107)	(4,424)	(1,770)	578
Other - non current assets (increase) decrease	(594)	(4,476)	(95)	(2,273)
Trade and other current payables increase (decrease)	49,186	(17,756)	20,830	(732)
Other current liabilities increase (decrease)	1,268	3,273	(2,658)	3,667
Other non-current liabilities increase	-	-	818	5,931
Depreciation and amortisation	58,672	56,529	5,376	6,384
Allowance for impairment of assets (reversal)	4,112	(985)	-	-
Debt forgiveness	(1,508)	-	-	-
Provisions for liabilities increase	2,066	1,691	141	1,093
Unrealised (gain) loss on exchange	-	206	478	-
Bad debts and allowance for doubtful accounts	-	36,114	459,029	23,697
Gain on sale of investment in associates	(10,200)	-	(10,200)	-
Gain on sale of investment in subsidiaries	-	-	(68,289)	-
Loss on assignment of Claims in liabilities	38,152	-	38,152	-
Loss on impairment of investment in subsidiaries	-	-	361,488	120,000
Loss on disposal of equipment and intangible assets	-	12,377	-	6
Loss on disposal of leasehold improvements and equipment	4,276	-	302	-
Allowance for impairment of goodwill	76,246	45,800	-	-
Interest income	(42)	(906)	(27,959)	(23,428)
Interest expenses	27,525	22,762	27,776	22,397
Cash used in Operating Activities	(59,493)	(131,733)	(30,617)	(69,581)
Cash paid for interest expenses	(18,990)	(18,656)	(18,874)	(18,543)
Cash paid for corporate income tax	(516)	(575)	(348)	(483)
<b>Net Cash used in Operating Activities</b>	<b>(78,999)</b>	<b>(150,964)</b>	<b>(49,839)</b>	<b>(88,607)</b>

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**Food Capitals Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the six-month period ended June 30, 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Interest income	42	906	10	881
Proceeds from sale of investment in associates	10,200	-	10,200	-
Cash increase from purchase subsidiaries	-	9,297	-	-
Deposit on sale of investments agreement	5,000	-	5,000	-
Cash paid for additional investment in a subsidiary	-	(33,810)	-	(68,399)
Cash paid for purchase of leasehold improvement and equipment	(9,668)	(23,675)	-	(1,375)
Proceeds from disposal of equipment	674	-	605	-
Cash paid for purchase of intangible assets	(929)	(1,839)	-	(1,011)
Increase in short-term loans to related parties	-	-	(33,106)	(59,600)
<b>Net cash flows provided from (used in) investing activities</b>	<b>5,319</b>	<b>(49,121)</b>	<b>(17,291)</b>	<b>(129,504)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts	(2,276)	(1,883)	(2,276)	-
Repayment of financial liabilities	(762)	(652)	(536)	(352)
Proceeds from the issuance of bills of exchange	408,066	-	408,066	-
Repayment of the debentures	(600,000)	-	(600,000)	-
Proceeds from the issuance of the debentures	200,000	-	200,000	-
Proceeds from the issuance of the share capital	-	63,334	-	63,334
Repayment of short-term loan from unrelated parties	(1,235)	-	-	-
Cash receipt from short-term loans from related parties	62,520	-	61,370	-
<b>Net cash flows provided from financing activities</b>	<b>66,313</b>	<b>60,799</b>	<b>66,624</b>	<b>62,982</b>
<b>Exchange rate differences from translation of financial statements</b>				
	(2,744)	366	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(10,111)</b>	<b>(138,920)</b>	<b>(506)</b>	<b>(155,129)</b>
Cash and cash equivalents at beginning of period	31,636	300,228	1,202	252,660
<b>Cash and cash equivalents at end of period</b>	<b>21,525</b>	<b>161,308</b>	<b>696</b>	<b>97,531</b>

Additional information for cash flows

- For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
- 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, as part of its consideration paid for an investment in G Enterprise & Co Company Limited in according to the Share Purchase Agreement. The Company recorded new ordinary shares at Baht 0.60 per share, equivalent to fair value at the date of shares issued (Note 9).

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

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**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. Going Concern**

For the six-month period ended June 30, 2018, the Group had net loss of Baht 283.43 million and resulted negative of net cash flows from operation amount of Baht 79 million. As at June 30, 2018, the Group had deficit of Baht 2,158.25 million.

For the six-month period ended June 30, 2018, The Company had net loss of Baht 829.22 million and resulted net negative cash flows from operation amount of Baht 49.84 million. As at June 30, 2018, the Company had deficit of Baht 2,025.95 million.

As discussed in Note 15, the Company had short-term loans, bills of exchange in amount of Baht 298 million. and Baht 141 million which will be matured on January 28, 2019 and May 3, 2019, respectively, and as discussed in Note 16, the Company had debentures in amount of Baht 200 million which will be matured on August 4, 2019.

At the Annual General Meeting of the Shareholders for the year 2018 on April 23, 2018, approved various matters in accordance with the business integration plan i.e. the Entire Business Transfer transaction (“EBT”) and the Allocation of Securities to be allotted to the Private Placement as a consideration paid for the Entire Business Transfer to PRG Development Co., Ltd., including disposition of investments in subsidiaries, as well as exercise of Put Option conforming to conditions precedent of the Share Subscription Agreement between the Company, a major shareholder of the company and PRG Development Co., Ltd. which is Prime Road Alternative’s shareholder. A core condition precedent under such Share Subscription Agreement stated that the Company has to be obtained from the Stock Exchange of Thailand for Relisting of the Company’s securities on the Stock Exchange of Thailand.

However, On July 20, 2018, the Company and Fenix Foods World Co., Ltd., a buyer under Share Purchase Agreement, had entered into a Mutually Termination Agreement as due to the notification made by the Stock Exchange of Thailand regarding the results of the Relisting application informed that the Company does not meet such qualification for Relisting in accordance with Regulation of the Stock Exchange of Thailand Re: Listing of Securities, Disclosure of Information and Delisting of Securities in the “Market for Alternative Investment (mai)” B.E. 2560.



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

**NOTES INTERIM FINANCIAL STATEMENTS**

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However, the parties under the Share Subscription Agreement have agreed to continue proceed the transaction in relation to acceptance of the Entire Business Transfer and the allotment of newly issued securities. The Company is currently in the process of restructuring to meets the qualifications of the Regulation of the Stock Exchange of Thailand and shall proceed for re-submitting of the Relisting application with the Stock Exchange of Thailand.

The consolidated and separate financial statements have been prepared on a going concern basis under assumption that the Company can be completed following to the Business integration Plan through Entire business Transfer transaction which has been approved through the 2018 Annual General Meeting of the Shareholders, including obtaining the approval from the Stock Exchange of Thailand for Relisting of the Company’s securities on the Stock Exchange of Thailand. However, the appropriateness of these assumptions is subject to results of the completion on process of business integration, including process to improve the Company’s profitability and maintain adequate cash flows for the Company, and subject to the succession of the Company’s capital restructure as well as ability to obtain debt repayment within maturity date.

These consolidated and separate financial statements do not include reclassification or adjustment of assets and liabilities which may be necessary if the Group and the Company could not able to continuing its operating as going concern. The value of the Group’s assets may be lower than its book value. Assume liabilities may be occurred in case if the Group could not able to continue to operate on a going concern basis.

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

**3.1 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.

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

**NOTES INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

3.2 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 June 30, 2018	As at December 31, 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	42.5*	92.5*
Fena Park Co., Ltd.	Hotel real estate development	Thailand	42.5*	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

\* Indirect held by the subsidiary, Evolution Land Co., Ltd and the Company has control through such subsidiary.

**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 June 30, 2018, such subsidiary has not yet to call up for its share capital.

- 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.

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- 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 June 30, 2018 and December 31, 2017 and total revenues for the six-month periods ended June 30, 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 six-month periods ended	
	June 30,	December 31,	June 30,	
	2018	2017	2018	2017
<u>Subsidiaries company</u>	86%	89%	99%	96%

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

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3.3 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.

3.4 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.

3.4.1 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.

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

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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.

3.4.2 Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after January 1, 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

3.5 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.

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

**NOTES INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**4. 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 June 30,				
	2018	2017	2018	2017	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	5,582	20,490	Contract price based on cost plus margin
Interest income	-	-	14,193	11,662	At interest rate of 4.5% to 12.625% per annum
Other income	-	-	1,506	2,094	Contract price based on agreement
Purchase of goods and services	-	-	-	85	Cost plus margin
Financial costs	-	-	304	-	At interest rate of 7.5 per annum
<b>Transactions with associates</b>					
Management income	222	248	222	248	Contract price based on cost plus margin
<b>Transactions with related companies</b>					
Sales	120	201	-	-	Cost plus margin
Other income	1,321	1,683	1,321	1,683	Contract price based on cost plus margin
Purchase of goods and services	2,719	4,821	348	2,554	Cost plus margin
Financial cost	1,917	1,938	1,917	1,938	At interest rate of 1% and 7.5% per annum
<b>Transactions with directors</b>					
Sales	1	5	-	5	Market price
Financial cost	724	-	724	-	At interest rate of 6.8% per annum

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

**NOTES INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month periods ended June 30,				
	2018	2017	2018	2017	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	11,341	39,540	Contract price based on cost plus margin
Interest income	-	-	27,949	22,547	At interest rate of 4.5% to 12.625% per annum
Other income	-	-	3,296	2,694	Contract price based on agreement
Purchase of goods and services	-	-	-	151	Cost plus margin
Financial costs	-	-	596	-	At interest rate of 7.5 per annum
<b>Transactions with associates</b>					
Management income	444	443	444	443	Contract price based on cost plus margin
<b>Transactions with related companies</b>					
Sales	271	401	-	-	Cost plus margin
Other income	2,910	3,407	2,910	3,407	Contract price based on cost plus margin
Purchase of goods and services	6,136	9,889	1,514	5,232	Cost plus margin
Financial cost	3,840	3,854	3,840	3,854	At interest rate of 1% and 7.5% per annum
<b>Transactions with directors</b>					
Sales	1	5	-	-	Market price
Financial cost	907	-	907	-	At interest rate of 6.8% per annum

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

**NOTES INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

The balances of the accounts as at June 30, 2018 and December 31, 2017, between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial Statements		Separate financial statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<b>Trade and other receivables (Note 5)</b>				
<u>Trade receivables - related parties</u>				
Related companies	178	177	-	-
	178	177	-	-
<u>Other current receivables - related parties</u>				
Subsidiaries	-	-	99,744	96,057
Associates	-	294	-	294
Related companies	5,147	10,073	4,804	6,536
Management	9,163	10,129	-	-
Less: Allowance for doubtful debts	-	-	(91,000)	-
	14,310	20,496	13,548	102,887
<b>Accrued income - related parties</b>				
Associates	-	-	-	50
	-	-	-	50
<b>Receivable from sale of investment - related party</b>				
Subsidiaries	-	-	75,400	75,400
Less: Allowance for doubtful debts	-	-	(75,400)	(75,400)
	-	-	-	-
<b>Other current receivables from sale of investment - related companies</b>				
Related companies	44,301	-	44,301	-
<b>Deposit - related parties</b>				
Related companies	4,335	4,335	-	-
	4,335	4,335	-	-
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	750,015	721,672
Less: Allowance for doubtful debts	-	-	(465,541)	(97,512)
	-	-	284,474	624,160



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

**NOTES INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2018**

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<b>Long-term loans to related party</b>				
Subsidiary	-	-	102,682	108,123
<b>Other payable - related parties</b>				
Subsidiaries	-	-	59	-
Related companies	1,937	844	1,199	12
	<u>1,937</u>	<u>844</u>	<u>1,258</u>	<u>12</u>
<b>Deposit on sales of investment agreement</b>				
Related company	5,000	-	5,000	-
<b>Long-term loans from related parties</b>				
Subsidiary	-	-	32,066	30,991
Related companies	66,897	28,610	28,745	28,610
Related parties				
- Current portion	-	138,240	-	138,240
	<u>66,897</u>	<u>166,850</u>	<u>60,811</u>	<u>197,841</u>

Loans to related parties/loans from related parties

Loans to/loans from related parties are clean loans. As at June 30, 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 January 1, 2018	Increase during the period	Decrease	Balance as at June 30, 2018
<b>Short-term loans from related party</b>				
Related parties	-	62,620	(62,620)	-
Total	-	62,620	(62,620)	-
<b>Long-term loans from related parties</b>				
Related companies	28,610	38,287	-	66,897
Related parties				
- Due within 1 year	138,240	3,699	(141,939)	-
Total	<u>166,850</u>	<u>41,986</u>	<u>(141,939)</u>	<u>66,897</u>

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(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at January 1, 2018	Increase during the period	Decrease	Balance as at June 30, 2018
<b>Short-term loans to related parties</b>				
Subsidiaries	721,672	28,343	-	750,015
Less: Allowance for doubtful debts	(97,512)	(368,029)	-	(465,541)
<b>Total</b>	<b>624,160</b>	<b>(339,686)</b>	<b>-</b>	<b>284,474</b>
<b>Long-term loans to related party</b>				
Subsidiary	108,123	3,334	(8,775)	102,682
<b>Short-term loans from related party</b>				
Related parties	-	62,620	(62,620)	-
<b>Total</b>	<b>-</b>	<b>62,620</b>	<b>(62,620)</b>	<b>-</b>
<b>Long-term loans to related parties</b>				
Subsidiary	30,991	2,435	(1,360)	32,066
Related companies	28,610	135	-	28,745
Related parties				
- Due within 1 year	138,240	3,699	(141,939)	-
<b>Total</b>	<b>197,841</b>	<b>6,269</b>	<b>(143,299)</b>	<b>60,811</b>

Short-term loans to related parties

During the second quarter of 2018, the Company recorded allowance from doubtful account on loans provide to the subsidiaries in the amount Baht 242.02 million and interest receivable of Baht 125.72 million based on the net recoverable amount shall be received from the subsidiaries as resulted from the disposition of investment in subsidiaries under Share Purchase Agreement, it is agreed by the parties that the Company has to transfer all rights and obligations of the loans due receivable from those subsidiaries to the buyer.

Long-term loans from related company

The Group has a loan facility from a related company through a line of credit of Baht 30 million. As at June 30, 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. The Company changed in classification

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

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borrowing from related company as non current liabilities. Pursuant to the lender confirms that the loan will not be repayment within 12 months from the company.

Short-term loans from related parties

The Board of Directors Meeting No. 8/2018 on May 14, 2018 has resolved the extension of short-term revolving credit granted from Mr. Krit Srichawla from Baht 30 million to Baht 60 million. This financial support transaction is considered as connected transaction.

Subsequently, the Board of Directors Meeting No. 11/2018 on June 25, 2018 resolved the extension of unsecure short-term revolving credit granted from Mr. Krit Srichawla from Baht 60 million to Baht 100 million for the purpose to use in the Company’s working capital under the same condition i.e. bearing interest at 6.80% per annum and repayment shall be made within 12 months for each tranche.

On June 29, 2018, the Company disposed the investments in its subsidiaries directly held by the Company through exercising the put option, comprise of 2 subsidiaries Casa Fico Co., Ltd. and Fena Park Co., Ltd. in the proportion of 50% of its authorized and issued shares each subsidiary. The consideration paid for this investment disposition is agreed at Baht 248.5 million. The buyer prepared in investment paid-off by offset against the outstanding debts that the Company due to the buyer which comprised the outstanding short-term revolving loan and accrued interest of Baht 62.26 million and outstanding loan amount in form of promissory note due to the buyer of Baht 141.94 million, total the outstanding debts of Baht 204.2 million. The initial payment is prepared in accordance with the terms and conditions of the share purchase agreement.

Directors and management’s remunerations

During the three-month and six-month periods ended June 30, 2018 and 2017, the Group had employee benefit expenses payable to their directors and management as below:

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended June 30,			
	2018	2017	2018	2017
Short-term employee benefits	3,373	7,481	1,792	7,481
Post-employment benefits	1	481	1	481
Total	3,374	7,962	1,793	7,962

(Unit: Thousand Baht)

“UNAUDITED”

“REVIEWED”

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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended June 30,			
	2018	2017	2018	2017
Short-term employee benefits	7,117	14,964	3,954	14,964
Post-employment benefits	1	962	1	962
<b>Total</b>	<b>7,118</b>	<b>15,926</b>	<b>3,955</b>	<b>15,926</b>

**5. Trade and other current receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	39	86	-	-
Past due				
Up to 3 months	139	86	-	-
3 - 6 months	-	5	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
<b>Total</b>	<b>178</b>	<b>177</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful debts	-	-	-	-
<b>Total trade receivables - related parties, net</b>	<b>178</b>	<b>177</b>	<b>-</b>	<b>-</b>

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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	June 30,	December 31,	June 30,	December 31,
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	9,979	13,783	-	-
Past due				
Up to 3 months	806	203	-	-
3 - 6 months	96	195	-	-
6 - 12 months	878	27	-	-
Over 12 months	2,473	2,365	-	-
Total	14,232	16,573	-	-
Less: Allowance for doubtful debts	(2,286)	(2,286)	-	-
Total trade receivables - unrelated parties, net	11,946	14,287	-	-
Total trade receivables - net	12,124	14,464	-	-
<u>Other current receivables</u>				
Other current receivables - related parties	14,310	20,496	104,548	102,887
Other current receivables - unrelated parties	13,858	9,980	554	442
Accrued income	10	67	-	50
Advances	3,773	343	4,513	3,428
Revenue Department receivable	8,804	12,002	3,367	3,162
Total	40,755	42,888	112,982	109,969
Less: Allowance for doubtful debts	(3,091)	(3,091)	(92,797)	(1,797)
Total other current receivables - net	37,664	39,797	20,185	108,172
Total Trade and other current receivables - net	49,788	54,261	20,185	108,172

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

As at June 30, 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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**7. 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.

**8. 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 June 30, 2018	As at December 31, 2017	As at June 30, 2018	As at December 31, 2017	As at June 30, 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	-	5,218	-	-	-
Phang Nga Hotel Co., Ltd.	Hotel real estate development	Thailand	-	51.0	-	5,218	-	-	-
Total					-	10,436	-	-	-
Less: Allowance for devaluation of investment					-	(10,436)	-	-	-
Investment in associates - net					-	-	-	-	-

On June 27, 2018, the Company and a subsidiary, Evolution Land Co., Ltd. had entered into Share Sell and Purchase Agreement to dispose investment in 2 associate companies comprised 1) preference shares in Andaman Beach Residences Co., Ltd. of 51,000 shares and 2) preference shares in Phang Nga Hotels Co., Ltd. of 51,000 shares, total consideration in the amount Baht 10.20 million to the buyer – Fico Corporation Co., Ltd. which considered as transaction with a related company. The Company already received fully settlement from such disposition of investment transaction on June 29, 2018.

During the six-month period ended June 30, 2018, the Company recorded reversal on devaluation from investment using equity method of Baht 10.20 million and recognized profit from disposal of investment in associate of Baht 10.20 million.

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**9. 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
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 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	42.5*	92.5*	-	146,377
Fena Park Co., Ltd.	100,000	100,000	42.5*	92.5*	-	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					1,360,463	1,540,673
<u>Less</u> Allowance for impairment loss on investment					(1,026,972)	(665,484)
Investment in subsidiaries - net					333,491	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 six-month period ended June 30, 2018, the Company considered to recognize allowance for impairment loss on Fenix Iron Fairies Co., Ltd. of Baht 141 million, due to the recoverable amount is less than the carrying amount. Pursuant to term and condition in the Share Purchase Agreement made with the buyer who is a major shareholder of the Company, the consideration paid for the purchase of investment included the assignment of loans due receivable from the subsidiaries to the buyer. The Company considered to record impairment loss on investment in subsidiary – Fenix Iron Fairies Co., Ltd. based on net recoverable amount shall be received from such investment disposition.

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

During the six-month period ended June 30, 2017, the Company considered to recognize allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd., of Bath 120 million, due to the recoverable amount is less than the carrying amount.

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During the six-month period ended June 30, 2018, the Company considered to recognize the additional allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd., of Baht 220 million. Pursuant to term and condition in the Share Purchase Agreement made with the buyer who is a major shareholder of the Company, the consideration paid for the purchase of investment included the assignment of loans due receivable from the subsidiaries to the buyer. The Company considered to record impairment loss on investment in subsidiary – Evolution Foods (Thailand) Co., Ltd. based on net recoverable amount shall be received from such investment disposition.

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



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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 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 June 30, 2018, the Company has commitment on share payable of Baht 20 million (December 31, 2017: Baht 20 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 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

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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 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.

The Annual General Meeting of Shareholders held on April 23, 2018, 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 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

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64.55 million respective. According to the conditions on Sale Purchase Agreement between Srichawla Group and the Company dated 14 November 2012.

On June 29, 2018, the Company exercised its Put Option right to dispose the investment in subsidiaries to the buyer – Fenix Foods World Co., Ltd. which is a juristic person designated by Mr. Krit Srichawla, Mr. Amorn Srichawla, Mr. Theparit Srichawla and Mr. Akaradej Srichawla (“Srichawla Group”), which are the major shareholders of the Company. The parties agreed to accept the transfer of the shares held by the Company in 2 subsidiaries through exercising Put Option, consisted of 50% of its authorized and issued shares in Casa Fico Co., Ltd. and 50% of its authorized and issued shares in Fena Park Co., Ltd. at the consideration price of Baht 183,954,551 and Baht 64,545,449, respectively (total consideration value of Baht 248,500,000) along with the assignment of the Company’s rights through the shareholders loan due receivable from Casa Fico Co., Ltd. and Fena Park Co., Ltd. of Baht 13,965,446 and Baht 24,186,950, respectively to the buyer (total loan assignment to the buyer – Fenix Foods World Co., Ltd. is Baht 38,152,396). Under the Share Purchase Agreement, the buyer agreed to settle the purchase price Baht 248,500,000 by two separate payments, details as follow;

- The 1st payment of Baht 204,198,759 made by setting off against the outstanding debts that the Company due payable to Mr. Krit Srichawla in the amount of Baht 204,198,759 (the outstanding debts due payable to Mr. Krit Srichawla as of 29 June 2018 comprised of 1) loan amount in form of promissory note of Baht 100,000,000, 2) accrued interest payable of the promissory note mentioned in 1) of Baht 41,938,356, 3) the outstanding short-term revolving loan of Baht 61,370,000 and 4) the accrued interest payable of the short-term revolving credit mentioned in 3) of Baht 890,403.
- The 2nd payment of Baht 44,301,241 shall be within 3 months after the date those 2 subsidiaries’ shares transfer or the date before the entire business transfer acceptance date, whichever comes earlier.

The Company presented other current receivable from sales of investment in the amount Baht 44.3 million as current assets under the statement of financial position as due receivable shall be made within one year.

However, the exercise Put Option to dispose investment in Casa Fico Co., Ltd. and Fena Park Co., Ltd. does not affect ceased in control over such subsidiaries due to existing indirect shares of 42.5% still govern by the Group through Evolution Land Co., Ltd. As resulted of such disposition transaction, the Company recorded profit from sales of investment Baht 68.29 million in the separate statement of comprehensive income and recorded surplus on change in ownership interests in subsidiaries, presented under other component of shareholders’ equity of Baht 161.84 million in consolidate financial statements. The change of ownership interests in these subsidiaries from such investment disposition through exercise of the Put Option does not change in control over such subsidiaries.

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The disposition of investment in subsidiaries as resulted from the approval through the Annual General Meeting of the Shareholders for the year 201

At the Annual General Meeting of Shareholders for the year 2018 held on April 23, 2018, resolved the disposition of investment in subsidiaries as summarized below:

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
- 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

On June 29, 2018, the Company entered into Share Sell and Purchase Agreement to dispose investment in 3 subsidiaries comprised Evolution Foods (Thailand) Co., Ltd., Fenix Iron Fairies Co., Ltd. and FC Commissary Co., Ltd. to the buyer – Fenix Foods Worlds Co., Ltd. which is a juristic person designated by Mr. Krit Srichawala. The detail under such agreement can be summarised below.

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- 595,014 ordinary shares of Evolution Foods (Thailand) Co., Ltd. held by the Company, which is in proportion of 90% of its authorized and issued shares, at Baht 220,290,000.

- 39,998 ordinary shares of Fenix Iron Fairies Company Limited held by the Company, which is in proportion of 100% of its authorized and issued shares, at Baht 32,860,000.

- 99,997 ordinary shares of FC Commissary Company Limited held by the Company, which is in proportion of 100% of its authorized and issued shares, at Baht 22,580,000.

- Under Share Sell and Purchase Agreement, the Company has to assign loans due receivable from the subsidiaries to the buyer. The Company recorded impairment from loan to subsidiaries of Baht 307.6 million in the separate financial statements for the three-month and six-month period ended June 30, 2018 as discussed in Note 4 to the financial statements.

The initial payment of Baht 5 million was fully received by cash on 29 June 2018. The second payment of Baht 235 million will be made within 3 months after the date the 3 subsidiaries' shares transfer or one day prior to the completion of Entire Business Transfer, whichever comes earlier. The final payment of Baht 35.73 million, shall be paid within 15 months after the acceptance date of the entire business transfer and the completion of allotment of the newly issued shares.

In addition to the Share Purchase Agreement, stated in the event that the condition precedent under the Shares Subscription Agreement cannot be fulfilled, resulting in the EBT and allocation of newly issued shares cannot be completed, the Company has rights to cancel the disposal transactions of the shares of the 3 subsidiaries. The cancellation of such transaction shall result in returning all the payments back to the Buyer, and there shall be no penalty that result from the cancellation of such transaction. In which, a core condition precedent mentioned that the Company must be obtained approval from the Stock Exchange of Thailand (“SET”) for Relisting of the Company’s securities on the Stock Exchange of Thailand.

On July 20, 2018, the Company and Fenix Foods World Co., Ltd., a buyer under Share Purchase Agreement, had entered into a Mutually Termination Agreement as due to the notification made by the Stock Exchange of Thailand regarding the results of the Relisting application informed that the Company does not meet such qualification for Relisting in accordance with Regulation of the Stock Exchange of Thailand Re: Listing of Securities, Disclosure of Information and Delisting of Securities in the “Market for Alternative Investment (mai)” B.E. 2560. However, the parties under the Share Subscription Agreement have agreed to continue proceed the transaction in relation to acceptance of the Entire Business Transfer and the allotment of newly issued securities. The Company is currently in the process of restructuring to meets the qualifications of the

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Regulation of the Stock Exchange of Thailand and shall proceed for re-submitting of the Relisting application with the Stock Exchange of Thailand.

Subsequently on July 20, 2018, the Company and the buyer under Share Purchase Agreement – Feinx Foods World Co., Ltd. had entered into the new Share Purchase Agreement agreed to accept the transfer of 3 subsidiaries investment at the consideration price of Bath 275.73 million which is same to the previous cancelled Share Purchase Agreement date June 29, 2018. The first settlement of share price shall be made within one business date prior to the completion of the Entire Business Transfer and the allotment of the newly securities being issued. The final settlement will be Baht 35.73 million due payable within 15 months after such completion of EBT and new shares allotment.

The Group still continuing to include the 3 subsidiaries comprised Evolution Foods (Thailand) Co., Ltd., Fenix Iron Fairies Co., Ltd. and FC Commissary Co., Ltd. to the preparation of the Group’s consolidated financial statements.

As resulted from the disposition of investment under the Share Purchase Agreement, the Company recorded impairment loss of assets Baht 781 million in the separate financial statements for the three-month and six-month period ended 30 June 2018, comprised loss on investment in subsidiaries of Baht 259 million, loss from loan provided to the subsidiaries of Baht 242 million and interest receivable Baht 126 million and doubtful debts on other receivable due receivable from the subsidiaries of Baht 91 million. However, such disposition of investment will be made upon the completion of the Entire Business Transfer and the allotment of newly issued shares in according to the business integration plan.

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## 10. Other investment

Company's name	Percentage of Shareholding		(Unit: Thousand Baht)	
	Consolidated		financial statements	
	Cost			
	As at	As at	As at	As at
	June 30,	December 31,	June 30,	December 31,
	2018	2017	2018	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.

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 June 30, 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.

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As at June 30, 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 22.4). Consequently, the Company is entitled to receive debt guarantee income from certain related companies.

**11. Leasehold improvements and equipment**

Movements of the leasehold improvements and equipment account for the six-month period ended June 30, 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>	315,213	24,348
Acquisitions during the period - at cost	9,668	-
Disposals/write-off - net book value at disposal date	(4,950)	(907)
Depreciation for the period	(47,258)	(2,940)
Allowance for impairment loss	(4,112)	-
<b>Net book value as at June 30, 2018</b>	<u>268,561</u>	<u>20,501</u>



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**12. Goodwill**

(Unit: Thousand Baht)

	Consolidated financial statements	
	As at June 30, 2018	As at December 31, 2017
Goodwill	316,433	308,046
Increase from acquisition of subsidiary net book values (Note 9)	-	60,059
Decrease change of fair value as at purchasing (Note 9)	-	(51,672)
Goodwill from acquisition of subsidiary during the period	-	8,387
Less: impairment of goodwill	(308,046)	(231,800)
Net	8,387	84,633

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 six-month period ended 30 June 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 9.

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**13. Intangible assets**

Movements of the Intangible assets account for the six-month period ended June 30, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at January 1, 2018</b>	102,070	8,553
Acquisitions during the period - at cost	929	-
Amortization for the period	(8,019)	(1,074)
<b>Net book value as at June 30, 2018</b>	<u>94,980</u>	<u>7,479</u>

**14. Leasehold right of land**

Movements of leasehold right of land account during six-month period ended June 30, 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at January 1, 2018</b>	132,682	52,617
Amortisation for period	(3,395)	(1,363)
<b>Net book value as at Junbe 30, 2018</b>	<u>129,287</u>	<u>51,254</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. Short-term loans**

The Board of Directors Meeting No. 7/2018 held on April 27, 2018, approved the issuance of the Bills of Exchange allot to the Private Placement investors with maturity date not greater than 12 months from the issued date in the amount up to Baht 439 million.

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On May 3, 2018, the Company issued bills of exchange in totaling amount of Baht 439 million in the following:

Type	Bills of Exchange
Issued amount	Baht 439 million
Maturity period	Within 12 months from the issued date (Maturity January 28, 2019 amount of Baht 298 million and Maturity May 3, 2019 amount of Baht 141 million).
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 8.75% per annum and 10.00% per annum, respectively.

Movements in short-term loans during the period ended June 30, 2018 were summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements / Separate financial statements
	<hr/>
Balance as at January 1, 2018 (Face value)	-
Issued during the period	439,000
Amortisation of deferred interest	6,211
Less: Deferred interest	(30,934)
Balance as at June 30, 2018	<hr/> <hr/> 414,277

**16. Debentures**

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). The debentures bear interest at a fixed rate of 6.00 percent per annum, payable every 3 months throughout the life of the debentures. The Company has fully redemption of the debentures on May 11, 2018.

The Board of Directors Meeting No. 7/2018 held on April 27, 2018, has resolved 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.

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On May 4, 2018, the Company issued the debentures no. 1/2018 of Baht 200 million in the following:

Type	The Secure Debenture of Food Capitals PCL. No. 1/2018 and has the Debenture’s representative.
Issued amount	Baht 200 million
Maturity period	Within 15 months (Maturity August 4, 2019)
Interest rate	7.25% per annum
Collaterals	- Vacant land owned by the Company - Vacant land owned by the subsidiary – Casa Fico Co., Ltd.

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.

Movements in the debenture account during the period ended June 30, 2018 were summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements /		Total
	Separate financial statements		
	Bond no. 1/2016	Bond no. 1/2018	
Balance as at January 1, 2018 (Face value)	600,000	-	600,000
Issued during the period	-	200,000	200,000
Repayment during the period	(600,000)	-	(600,000)
Amortisation of deferred debenture issuing cost	15,232	711	15,943
Less: Deferred debenture issuing costs	(15,232)	(5,634)	(20,866)
Balance as at June 30, 2018	-	195,077	195,077

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

As at June 30, 2018, the Company presented debenture as non-current liabilities in the statement of financial position as due to the maturity date of debenture will be due for redeem on August 4, 2019.

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**17. Share capital**

Share capital have changed for the period ended June 30, 2018 as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements /	
	Separate financial statements	
	Share capital Registered	Share capital Issued and paid up
As at January 1, 2018	3,178,404	2,136,460
Decrease registered capital	(410,639)	-
Increase registered capital	22,740,589	-
Issued ordinary shares	-	-
As at June 30, 2018	<u>25,508,354</u>	<u>2,136,460</u>

The Annual General Meeting of Shareholders held on April 23, 2018 ;

- 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.

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

**18. Accumulated loss compensation**

The Annual General Meeting of Shareholders held on April 23, 2018 ;

At the Annual General Meeting of the Shareholders for the year 2018, on April 23, 2018, has resolved to transfer statutory reserve of Baht 2,661,312 and the net of premium on the ordinary shares and discount on issued of shares to setoff against the Company’s retained loss brought forward of Baht 322,889,525. As such, the Company recored the adjustment on retained losses resulted that the Group’s retained losses after adjust in the amount Baht 1,874,678,090 in consolidated financial statements and the Company’s retained losses after adjust in the amount Baht 1,196,728,185 in separate financial statements.

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(Unit: Thousand Baht)

	Consolidated financial statements			
	Deficit			
	Share	Share discount	Statutory	Unappropriated
	premium	on business acquisition	reserve	
As at January 1, 2018	(144,820)	(144,820)	2,661	(2,200,229)
Accumulated loss compensation	144,820	144,820	(2,661)	325,551
As at January 1, 2018				
-After accumulated loss compensation	-	-	-	(1,874,678)

(Unit: Thousand Baht)

	Separate financial statements			
	Deficit			
	Share	Share discount	Statutory	Unappropriated
	premium	on business acquisition	reserve	
As at January 1, 2018	(144,820)	(144,820)	2,661	(1,522,279)
Accumulated loss compensation	144,820	144,820	(2,661)	325,551
As at January 1, 2018				
-After accumulated loss compensation	-	-	-	(1,196,728)

**19. Warrants**

As at June 30, 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 June 30,2018, there are no warrants exercised for FC-W1 and FC-W2.

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**20. 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.

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

(Unit: Thousand Baht)

	For the three-month period ended June 30,			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Loss for the period from continuing operations	(133,587)	(172,392)	(715,745)	(158,893)
Loss for the period from discontinued operations	(145)	(1,323)	-	-
Loss attributable to equity holders of the Company	(133,732)	(173,715)	(715,745)	(158,893)
Ordinary share (Beginning)	2,136,460	1,959,307	2,136,460	1,959,307
Issue of Ordinary Shares-weighted average in during period	-	164,499	-	164,499
Weighted average number of ordinary shares	2,136,460	2,123,806	2,136,460	2,123,806
Basic earnings per share for equity holder of company (Baht/share)	(0.063)	(0.082)	(0.335)	(0.075)
Basic earnings per share for continuing operations (Baht/share)	(0.063)	(0.081)	-	-

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(Unit: Thousand Baht)

	For the six-month period ended June 30,			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Loss for the period from continuing operations	(283,430)	(266,404)	(829,223)	(179,604)
Loss for the period from discontinued operations	(145)	(1,323)	-	-
Loss attributable to equity holders of the Company	(283,575)	(267,727)	(829,223)	(179,604)
Ordinary share (Beginning)	2,136,460	1,959,307	2,136,460	1,959,307
Issue of Ordinary Shares-weighted average in during period	-	91,610	-	91,610
Weighted average number of ordinary shares	2,136,460	2,050,917	2,136,460	2,050,917
Basic earnings per share for equity holder of company (Baht/share)	(0.133)	(0.131)	(0.388)	(0.087)
Basic earnings per share for continuing operations (Baht/share)	(0.133)	(0.130)	-	-

There is no disclosure of diluted earnings per share For the period ended June 30, 2018 and 2017 since the exercise price of the warrants was higher than the average market price of the ordinary shares.

**21. 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 June 30, 2018 and 2017 are as follows.

(Unit: Thousand Baht )

	For the three-month period ended 30 June							
	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	172,376	173,390	2,149	1,845	-	-	174,525	175,235
Cost of sales	(73,329)	(61,374)	-	-	-	-	(73,329)	(61,374)
Gross profit	99,047	112,016	2,149	1,845	-	-	(101,196)	113,861
Other income	3,674	2,492	4,145	2,866	11,216	103	19,035	5,461
Selling and administrative expenses	(139,710)	(189,677)	(76,499)	(74,145)	(1,995)	(1,592)	(218,204)	(265,414)
Loss before depreciation and amortisation, financial costs and income tax	(36,989)	(75,169)	(70,205)	(69,434)	9,221	(1,489)	(97,973)	(146,092)
Depreciation and amortisation	(21,935)	(24,997)	(8,250)	(3,240)	(1,033)	(1,033)	(31,218)	(29,270)
Loss before financial costs and income tax	(58,924)	(100,166)	(78,455)	(72,674)	8,188	(2,522)	(129,191)	(175,362)
Financial costs							(15,821)	(11,594)
Loss before income tax revenue							(145,012)	(186,956)
Income tax revenue							3,018	4,868
Loss for the period from continuing operations							(141,994)	(182,088)

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Revenue and profit information regarding the Group’s operating segments for the six-month period ended June 30, 2018 and 2017 are as follows.

(Unit: Thousand Baht )

	For the six-month period ended 30 June							
	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	361,930	318,466	3,840	4,155	-	-	365,770	322,621
Cost of sales	(149,388)	(116,656)	-	-	-	-	(149,388)	(116,656)
Gross profit	212,542	201,810	3,840	4,155	-	-	216,382	205,965
Other income	6,702	3,382	7,787	5,674	11,586	478	26,075	9,534
Selling and administrative expenses	(286,583)	(313,827)	(171,126)	(114,462)	(3,585)	(3,185)	(461,294)	(431,474)
Loss before depreciation and amortisation, financial costs and income tax	(67,339)	(108,635)	(159,499)	(104,633)	8,001	(2,707)	(218,837)	(215,975)
Depreciation and amortisation	(45,692)	(48,114)	(10,922)	(6,357)	(2,058)	(2,058)	(58,672)	(56,529)
Loss before financial costs and income tax	(113,031)	(156,749)	(170,421)	(110,990)	5,943	(4,765)	(277,509)	(272,504)
Financial costs							(27,525)	(22,762)
Loss before income tax revenue							(305,034)	(295,266)
Income tax revenue							5,606	8,995
Loss for the period from continuing operations							(299,428)	(286,271)

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Geographic information

	(Unit: Thousand Baht)			
	Revenue*		Non-current assets**	
	2018	2017	2018	2017
Thailand	311,178	282,780	878,371	1,182,910
Cambodia	50,752	35,686	68,078	62,494
Others	3,840	4,155	219,318	567,316
<b>Total</b>	<b>365,770</b>	<b>322,621</b>	<b>1,165,767</b>	<b>1,812,720</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 six-month period ended June 30, 2018 and 2017, the Group has no major customer with revenue of 10% or more of an entity’s revenues.

**22. Commitment and contingent liabilities**

22.1 Capital commitments

As at June 30, 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).

22.2 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 June 30, 2018	As at December 31, 2017	As at June 30, 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	27.2	26.8	1.7	1.7
In over 5 years	110.7	114.3	3.4	3.7

(Unit: Million Baht)

	Consolidated				Separate	
	financial statements				financial statements	
	As at June 30, 2018		As at December 31, 2017		As at June 30, 2018	As at December 31, 2017
	Baht	USD	Baht	USD	Baht	Baht
Building and equipment lease payable:						
In up to 1 year	92.3	0.4	105.5	0.4	4.6	4.6
In over 1 up to 5 years	59.03	0.8	52.9	0.9	0.7	2.8
In over 5 years	-	0.3	-	0.4	-	-

22.3 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.

**22.4 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.

**22.5 Litigations**

As of 30 June 2018, the Company and its subsidiaries have no any litigations or unresolved litigations cases.

**23. 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.

**24. 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. Akradej 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").

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:

- 1) 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.

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- 2) 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.
- 3) 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 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. Akrađej 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



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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 the Company for the Relisting of the Company in order for the SET to list the Company's ordinary shares on the SET.
- 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.

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- 4) Approved the change of Company's name

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”

As at June 30, 2018, the Company didn't yet registered the change of the Company's name.

**25. Approval of financial statements**

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