

Ref no: FC201705/02

Date: May 11, 2017

Subject: Management Discussion and Analysis - Explanation of net profit (loss) for the three-month period ended March 31, 2017

To: The President of Stock Exchange of Thailand

Food Capitals Public Company Limited would like to notify the operating performance to the Stock Exchange of Thailand as follows:

For the three-month period ended March 31, 2017, there are net loss attributable to the equity holders of the Company of Baht 94.0 million, increased by Baht 30.6 million or 48% compared to prior period which there was a net loss of Baht 63.4 million.

The main variances are as follows:

1. Revenue from continuing operations for the three-month period ended March 31, 2017 was Baht 151.5 million, decreased by Baht 52.5 million, or -26%, compared to Baht 204.0 million from the prior period. Revenue from continuing operations can breakdown by business segment as follows:

Revenues by business segment	Q1' 2017 Million Baht	Q1' 2016 Million Baht	Change Million Baht	Change (%)
Food & beverages	145.1	192.7	(47.6)	(25%)
Investment and advisory incomes	2.3	4.3	(2.0)	(47%)
Other revenue	4.1	6.9	(2.8)	(41%)
Total	151.5	204.0	(52.5)	(26%)

Revenue from food and beverage decreased by Baht 47.6 million, or 25%, due to several reasons, summarized below:

- Number of stores decreased compare to the same period of last year as resulted from the closure of non-performing stores during the year 2017.
- The divestment of investment in Mr. Jones during the third quarter 2016, affected cease to consolidate revenue arise from this subsidiary from June 2016.
- Revenue from life style restaurants dropped since the last quarter of 2016 still affected to the decrease in overall revenue from this segment. In addition, there is one lift style restaurant closed in the late year 2016.

However, the Group's revenues decreased in this quarter were supported by revenues from the new subsidiary acquired – G Enterprise & Co Co., Ltd. (G Enterprise) which the Company completed the acquisition transaction in 1st quarter 2017. G Enterprise is engaged in leading restaurant tradenames "Chingcha Chalee", "Moommum Park", "Umami Fallabella" and "Pirate Chambre".

The Company commenced consolidate revenue from such new subsidiary from March 2017, onwards.

2. Cost of sales for the current period are Baht 55.3 million, decreased by Baht 16.7 million or 23%, compared to Baht 71.9 million cost of sales for the same period of last year. Cost of sales decreased is in alignment with revenue dropped. The Company still try to control material prices and select proper supplier in order to leverage cost of sales and products quality.

3. Selling expense for the current period are Baht 124.4 million, decreased by Baht 16.4 million or 12%, compared to Baht 140.8 million selling expenses for the same period of last year, resulted from the closure of non-performing stores and divestment of a subsidiary as mentioned above.

4. Administrative expenses for the current period are Baht 68.9 million, an increase by Baht 10.9 million or 19%, compared to Baht 58.0 million administrative expense for the same period of last year due to the increment of non-recurring consulting fees and expenses related to the acquisition of the new business.

Please be informed accordingly.

Yours Sincerely,

(Mr. Tarakorn Angpubate)
Chief Executive Officer