

Ref no: FC201711/02

Date: November 14, 2017

Subject: Management Discussion and Analysis - Explanation of net profit (loss) for the three-month period ended September 30, 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 September 30, 2017, there are net loss attributable to the equity holders of the Company of Baht 389.5 million or 409% compared to prior period which there was a net loss of Baht 95.2 million.

The main variances are as follows:

1. Revenue from continuing operations for the three-month period ended September 30, 2017 was Baht 191.9 million, increased by Baht 31.8 million, or 20%, compared to Baht 160.1 million from the prior period. Revenue from continuing operations can breakdown by business segment as follows:

Revenues by business segment	Q3' 2017 Million Baht	Q3' 2016 Million Baht	Change Million Baht	Change (%)
Food & beverages	189.7	157.9	31.8	20%
Others	2.2	2.2	-	-
Total	191.9	160.1	31.8	20%

Revenue from food and beverage business increased by Baht 31.8 million, or 21% compare to prior period, mainly reason came from revenues of G Enterprise & Co Co., Ltd. ("G Enterprise") which the Company completed the acquisition transaction in 1st quarter 2017. The Company commenced consolidation of revenue from such new subsidiary from March 2017, onwards.

2. Cost of sales for the current period are Baht 70.4 million, or 37.1% of sales which increased by Baht 16.6 million compared to cost of sales of the prior period of Baht 54.3 million, or 34.4% of sales. Cost percentage to sales increase by 2.7% compare to the same period of last year due to the increment of food and beverage ingredients purchase price and as resulted from sales promotional at store level (Local Store Marketing) for Quick Service Restaurants Group.

3. Administrative expenses for the current period are Baht 466.4 million, an increase of Baht 390.7 million or 516%, compared to Baht 75.6 million administrative expenses of prior period, mainly resulted from the recognition of loss from devaluation of investment in Red Planet Hotels Limited Group of Baht 314.3 million, based on net realizable value from the disposition of such investment, and recognized impairment loss on goodwill of Baht 78.7 million in current period. Both transactions are non-cash losses and non-recurring.



4. Financial cost for the current period are Baht 11.6 million, an increase by Baht 2.1 million or 22.1%, compared to Baht 9.5 million from the prior year, due to the issuance of debenture in August 2016.

Please be informed accordingly.

Yours Sincerely,

(Ms. Naravadee Waravanitcha)
Chief Executive Officer