

Ref No: FC201808/01

Date: August 14, 2018

Subject: Management Discussion and Analysis - Explanation of net profit (loss) for the three-month period ended June 30, 2018.

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 June 30, 2018, the Company reported net loss attributable to the equity holders of the Company of Baht 133.7 million, net loss decreased by Baht 39.9 million or 23% compared to prior period of last year which there was a net loss of Baht 173.7 million.

The main variances are as follows:

1. Revenue from sales and services for the three-month period ended June 30, 2018 was Baht 174.5 million, decreased by Baht 0.7 million, or 0.4%, compared to Baht 175.2 million from the same period of last year. Revenue can breakdown by business segment as follows:

Revenues by business segment	Q2/2018 (Million Baht)	Q2/2017 (Million Baht)	Change (Million Baht)	Change (%)
Food & beverages	172.4	173.4	(1.0)	(0.6%)
Consultant services	2.1	1.8	0.3	16.5%
Total	174.5	175.2	(0.7)	(0.4%)

The change in revenue from food and beverage business can be summarized below:

- Revenues from Quick Service Restaurants increased by Baht 8 million mainly from the expansion 2 newly Domino's Pizza outlets in Cambodia during the second quarter of 2018.
- Revenues from life style restaurants decreased by Baht 9 million, compare to the same period last year since 3 life style restaurants ceased its operation in June 2017 due to cancellation of lease contract at Seen Space, Thong Lor.

2. Cost of sales for the current period was Baht 73.3 million, or 42.5% of sales, compared to cost of sales of the prior period of Baht 61.4 million, or 35.4% of sales. Cost percentage to sales increase by 7.1%, due to various intensive sales and marketing promotional campaign during the current period, especially Domino's Pizza's promotional campaign.

3. Administrative expenses for the current period are Baht 116.8 million, a decrease of Baht 38 million or 25%, compared to Baht 154.9 million administrative expenses of prior period, mainly resulted from non-monetary losses and non-recurring losses recognized in the second quarter of 2017 comprised impairment loss from receivable from sales of investment of Baht 36 million and impairment loss on goodwill of Baht 46 million.

During the second period of 2018, the Company recorded losses from loan assignment of Baht 38 million, as resulted from exercise Put Option right to dispose investment in subsidiaries to a relate company.

Please be informed accordingly.

Yours Sincerely,

(Mr. A Sachdev)
Chief Executive Officer