

Ref no: FC201611/02

Date: November 14, 2016

Subject: Management Discussion and Analysis - Explanation of net profit/(loss) for the three-month period ended 30 September 2016

To: The President of Stock Exchange of Thailand

Food Capitals Public Company Limited would like to notify the Stock Exchange of Thailand that its net loss attributable to the equity holders of the Company for the three-month period ended 30 September 2016 was Baht 95.2 million, increased in amounting to Baht 32.2 million compared to prior period which there was a net profit of Baht 63 million.

The main variances are as follows:

1. Revenue from continuing operations for the three-month period ended 30 September 2016 was Baht 167.3 million which decrease of Baht 25.1 million, or -13%, compared to the same period of prior year was Baht 192.4 million. Revenues can be broken down by business segment as follows:

(Unit: Million Baht)

Revenues by business segment	3Q 2016	3Q 2015	Change	% change
Food & beverage	157.8	179.8	(22.0)	(12%)
Business and investment advisory services	2.2	4.7	(2.5)	(53%)
Other revenues	7.3	7.9	(0.6)	(8%)
Total	167.3	192.4	(25.1)	(13%)

Revenue generated from food and beverage for the three-month period ended 30 September 2016 decreased by Baht 22 million, or 12% which mainly came from the disposition of investment in Mr. Jones International Co., Ltd. ("Mr. Jones") during the 3rd quarter of 2016. The Company, therefore, cease to consolidate revenue generated from Mr. Jones since 30 June 2016.

Revenue from business and investment advisory decrease by Baht 2.5 million due pertaining to reduce the scope of advisory service during the current period with effect from 1 April 2016. Revenue from this section then decrease compare with the same period of previous quarter.

2. Cost of sales for the three-month period ended 30 September 2016 was Baht 54.3 million, compared to the same period of previous quarter which was Baht 64.9 million or decrease by Baht 10.6 million. The main reason was due to the disposition of Mr. Jones as mentioned above.

3. Selling and administrative expenses for the three-month period ended 30 September 2016 were Baht 210.6 million, compared to Baht 198.9 million which was increased of Baht 11.7 million or 6% can be described as follows:

(Unit: Million Baht)

Description	3Q 2016	3Q 2015	Change	% change
Selling expenses	135.0	129.2	5.8	4%
Administrative expenses	75.6	69.7	5.9	9%
Total	210.6	198.9	11.7	6%

Selling expenses increased by Baht 5.8 million, or 4%, which mainly came from the expansion of the food & beverage operations, whereas selling expense increase by Baht 5.9 million or 9% due pertaining to loss from disposition of assets from non-generate profit of restaurant outlets during the third quarter of 2016 which is non-recurring costs.

Please be informed accordingly.

Yours Sincerely,

(Mr. Tarakorn Angpubate)
Chief Executive Officer