



**FOOD**  
**CAPITALS**

# ANNUAL REPORT 2016





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# Message from Chairman of the Board of Directors and Chief Executive Officer



**AKARAT  
NA RANONG**  
DIRECTOR



**TARAKORN  
ANGPUBATE**  
CHIEF EXECUTIVE  
OFFICER AND  
EXECUTIVE DIRECTOR

It is our pleasure to present our performance in 2016, a year of massive growth in our scale and major changes. While the economy recovered gradually, the Company worked laboriously to expand restaurant business domestically and internationally. The company has been successful in gaining the franchise rights in both Thailand and Cambodia for Domino's Pizza which is one of the world's leading pizza brands, Kyo-chon which is the leading fried chicken brand in South Korea. Moreover, the Company has granted the franchise rights for Coffee Bean and Tea Leaf which is one of the most popular brand in USA. All brands are operated by the Company's subsidiaries. Overall, in 2016, we totally have 61 stores, generating sales revenue from restaurant business in an amount of THB 671.4 million, representing 3% decrease from that of previous year. This is mainly due to the lifestyle restaurants and bars where sales decreased from last year, especially in the last quarter of 2016. However, our total revenue was THB 713.2 million, representing 23% decrease from that of previous year due to the reclassification of investment in Red Planet Hotels Limited. Despite many challenges in 2016, as well as a change







in the management structure to accommodate the growth and expansion of the Company, the Company equally managed the cost of food and beverage the same as last year.

The company would like to thank all the shareholders for their kind funding supports via the debenture for the Company to expand the restaurant business both domestically and internationally. Moreover, the Company continues to strive to expand our franchise restaurants and the Company's own brand as well as effectively finding new potential restaurant chains in every region for boosting the net profit margin.

It is with the deepest sadness of all Thais, including the Board of Directors, management and employees of Food Capitals, that we endure the passing of His Majesty the Late King Bhumibol Adulyadej in October of 2016. One of His Majesty's enduring aspirations is the sustainable development of Thailand and the Thai people. Minor International is proud to take part in this. We are committed to delivering sustainable earnings for our shareholders, and at the same time to support and grow alongside our stakeholders, be they business partners, employees, suppliers, customers or communities.

We strongly believe that 2017 will be an exciting year. We would like to thank you all stakeholders for your generous support and wish you will continue to support us in the future.

Lastly, we would like to thank you all stakeholders for your generous support and wish you will continue to support us in the future.



**AKARAT  
NA RANONG  
DIRECTOR**



**TARAKORN  
ANGPUBATE  
CHIEF EXECUTIVE  
OFFICER AND  
EXECUTIVE DIRECTOR**

# Audit Committee Report

The Audit Committees of Food Capitals Public Company Limited consists of 3 people which are Mr. Witit Sujjapong (Chairman of the Audit Committee), Mr. Krish Detter (Audit Committee) and Mr. Viroj Tangjetanaporn (Audit Committee). The Audit Committees of the Company works independently in accordance with the standards established by the Board of Directors of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission. Mr. Witit Sujjapong, the Chairman of the Audit Committee, is a knowledgeable person, understanding and has adequately experience in reviewing accounting and financial transactions. Additionally, he also has the knowledge and understanding regarding preparing publicly disclosed financial statements. The Audit Committee acts as a representative and mitigates the duties and responsibilities of the Board of Directors in relation to the transparency of financial reports and disclosure of financial information, the adequacy and effectiveness of internal control, performance, characteristics, and independence of the Internal Audit Department. Moreover, It helps to review the laws and regulations in compliance with the Securities and Exchange Commission and prevent conflicts of interest, including advice to the Board of Directors on the selection and appointment of the Company's auditors.

There are four audit committee meetings were held in 2016. The obligations are as follows;

- Consider the Company's quarterly and annually financial reports. The meetings were held including the company's auditors to review the report of the auditor, validate the financial statements, disclosure and related accounting policies to ensure that the Company's financial statements are accurate, complete, reliable and prepared in accordance with Generally Accepted Accounting Principles (GAAP)
- The Audit Committee considered the internal audit plan of the Internal Audit Department, review the results of the annual internal audit, give suggestions for improvement, revise the internal controls proposed to the management including follow-up progress

During the year 2015, the outsource audit firm which acts as the Internal Audit function of the Company, according to the opinion of the Audit Committee, who has conducted assessment and reporting of internal control assessment results and assess the risks of various operating systems of related companies and its affiliates.

In August 2016, the Audit Committee has appointed the Internal Auditor under the Internal Audit Department by conducting the inspection followed by the importance of risk assessment by the internal audit firm and check the laws and regulations in compliance with the Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, to review and assess the adequacy of the Company's internal control system. The Audit Committees have the opinion that the Company has an effective internal control system and there is continuous improvement. This includes the development of risk management systems.

At the Audit Committee Meeting No. 1/2017, the Audit Committee proposed to the Board of Directors to appoint Karin Audit Company Limited as the Company's auditor for the year 2017. The appointment of the auditor and the remuneration of the auditor will be proposed for approval at the Annual General Meeting of Shareholders 1/2017.

On behalf of the Audit Committee of Food Capitals Public Company Limited



Witit Sujjapong  
Chairman of Audit Committee

# Board of Directors



**AKARAT  
NA RANONG**  
DIRECTOR



**KRIT  
SRICHAWLA**  
CHAIRMAN OF  
THE BOARD /  
EXECUTIVE CHAIRMAN



**TARAKORN  
ANGPUBATE**  
CHIEF EXECUTIVE  
OFFICER AND EXECUTIVE  
DIRECTOR



**AKRADEJ  
SRICHAWLA**  
DIRECTOR



**SANJAY  
SINGH**  
CHIEF EXECUTIVE  
OFFICER / DIRECTOR



**THOSAPHOL  
PENG SOM**  
DIRECTOR



**MARUT  
CHALOTORN**  
INDEPENDENT  
DIRECTOR



**WITIT  
SUJJAPONG**  
INDEPENDENT DIRECTOR  
& CHAIRMAN OF THE  
AUDIT COMMITTEE



**KRISH  
DETTTER**  
INDEPENDENT DIRECTOR  
& CHAIRMAN OF THE  
AUDIT COMMITTEE



**VIROJ  
TANGJETANAPORN**  
INDEPENDENT DIRECTOR  
& CHAIRMAN OF THE  
AUDIT COMMITTEE



A stylized, light gray world map is visible in the background, showing the outlines of continents. A dark blue rectangular box with a red border is positioned on the left side of the map.

# Geographic Business Portfolio

## Thailand



## Japan



## Cambodia



## Philippines



## Indonesia



# Business Overview

## Business Overview of the Group Company

Food Capitals Public Company Limited with symbol “FC” has changed from “Evolution Capital Public Company Limited” with symbol “E” by the resolution of an Extraordinary General Meeting of Shareholders No. 1/2016 of Evolution Capital Public Company Limited dated June 14, 2016 and registered the name of company at Department of Business Development dated June 23, 2016

Food Capitals Public Company Limited (the “Company”) was incorporated on 22 December 2003 with the current registered and paid-up capital of Baht 1,959,306,678.00 (One Thousand Nine Hundred Fifty-Nine Million Three Hundred Six Thousand Six Hundred Seventy-Eight Thai Baht). The Company focuses on quick-service restaurants, casual dining restaurants, lifestyle restaurants and bars, and the investment in hospitality sector in Thailand and across Asia.

The Group Company is the franchisee of a leading brands:

- (1) Domino’s Pizza (“Domino’s”) in Thailand and Cambodia;
- (2) The Coffee Bean & Tea Leaf (“CBTL”) in Thailand; and

(3) Kyochon (“Kyochon”) in Thailand, Myanmar, Lao, and Cambodia.

The Company also owns and operates its 7 lifestyle restaurants and bars namely:

- (1) The Iron Fairies, Sukhumvit 55 (Soi Thonglor)
- (2) The Iron Fairies, Central Festival Eastville, 1st Floor;
- (2) Fat’R Gut’Z, Seen Space Thonglor 13;
- (3) Cloud, Seen Space Thonglor 13;
- (4) Bon Bon, Seen Space Thonglor 13;
- (5) Maggie Choo’s, Novotel Fenix Silom; and
- (6) Fat Gut’Z Saloon, Central East Ville.

The Company is also engaged in the hospitality sector, Red Planet Hotels Limited (“RPHL”). RPHL operates budget hotels under its own brand in Thailand, The Philippines, Indonesia, and Japan

## Vision Mission and Goal of the Company

The Company’s vision is to be a leader in restaurant business by bringing the experience of restaurant management under international brands to create sustained value and growth of restaurants of the Company and create sustainable return for shareholders.

The Company’s mission focus on building the professional team that specialize on food business by giving new generation the opportunity to expand the business to the World. The company focus on the investment in new food business and co-management with the expertise with passion in food business. The Company’s mission to create “Food Culture” in order to serve the nutrient food and international standard service to customer.

The Company believes in long-term growth in food business around the world. Therefore, the Company’s goal to utilize the expertisement in food business in order to expand the business both in domestic and international, In particular, countries with high potential for economic growth and high purchasing power to create the value of the Company and return to stakeholders.



## Key Milestones and Major Development of the Company in the past 3 years

### 2014

- : The Company held an equity interests in Sweetstar K.K. of 28.5% in Sweetstar K.K. is a franchisee of Magnolia Bakery and Mr. Jones' Orphanage in Japan. Besides, it also made a partial acquisition of Q's Dining Inc., an owner of 17 restaurants in Japan.
- : The first Magnolia Bakery store in Asia was opened in Tokyo, Japan.
- : The first Mr. Jones' Orphanage store in Japan was opened in Sapporo, Hokkaido.
- : The first Kyochon store of the Company was opened at MBK Center.
- : The Company entered into a joint-venture agreement with CBM Corporation Company Limited ("CBM") to operate Domino's Pizza in Cambodia.
- : At year-end 2014, the Company and its subsidiaries owned 54 restaurants in Thailand and Asia.

### 2015

- : The first Domino's Pizza store in Cambodia was opened in Phnom Penh in January 2015.
- : The Company restructured its internal group structure by incorporating a subsidiary namely, Evolution Foods (Thailand) Company Limited, to hold all equity interests in:
  - Fenix Pizza Company Limited, D. Pizza Public Company Limited (the master franchisees of Domino's Thailand and Cambodia respectively);
  - Fico Coffee Company Limited (the master franchisee of The Coffee Bean & Tea Leaf); and
  - Kyochon Company Limited (the master franchisee of Kyochon).

Mr. Wuttisak Limphanit increased capital in Evolution Foods (Thailand) Company Limited in an amount of Baht 150 million, representing 10% equity interests in order to support its growth strategy.

- : The second Magnolia Bakery store was opened in Pangyo-Hyundai department store in Gyeonggi-do Korea in August 2015.
- : The Board of Directors of the Company resolved to approve the closure of Monster Media Company Limited and PhotoME.Com Company Limited on 14

August 2015. These subsidiaries conducted digital media business. The rationale was to focus on core businesses of the Company.

- : The Company granted the franchise right to operate Mr. Jones' Orphanage in Myanmar to Alpha Plus Company Limited in August 2015.
- : The Company entered into a joint-venture with CBM to operate Kyochon in Cambodia. The first Kyochon store in Cambodia was opened in Phnom Penh.
- : The first Mr. Jones' Orphanage store in Myanmar was opened in HAGL Center in Yangon.
- : As of year-end 2015, the Company and its subsidiaries owned 73 restaurants in Thailand and overseas.

### 2016

- : In 2016, the Company has disposed its investment in Sweetstar K.K. by selling 222,250 ordinary shares, representing 11.1% shareholding, 3,000 ordinary shares in Sweetstar Asia Limited, representing 12.2% shareholding, and 213 ordinary shares in Q's Dining Inc., representing 29.3% shareholding.

: The Company changed its company name from former name of "Evolution Capital Public Company Limited" to "Food Capitals Public Company Limited" and its symbol from "E" to "FC" according to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2016 held on 14 June 2016.

: In September 2016, the Company disposed 100% shares in Mr. Jones International Company Limited ("MJO"), a subsidiary of the Company, at the sale price of Baht 27 million, and sold MJO trademark at the price of USD 40,000 according to the resolutions of the Board of Directors' Meeting No. 3/2015 held on 13 May 2016.

: In December 2016, the Company acquired 12,000 ordinary shares of Maggie Choos' Company Limited at the price of Baht 3 million. Consequently, the shareholding in Maggie Choos' Company Limited was increased from 80% to 100%.

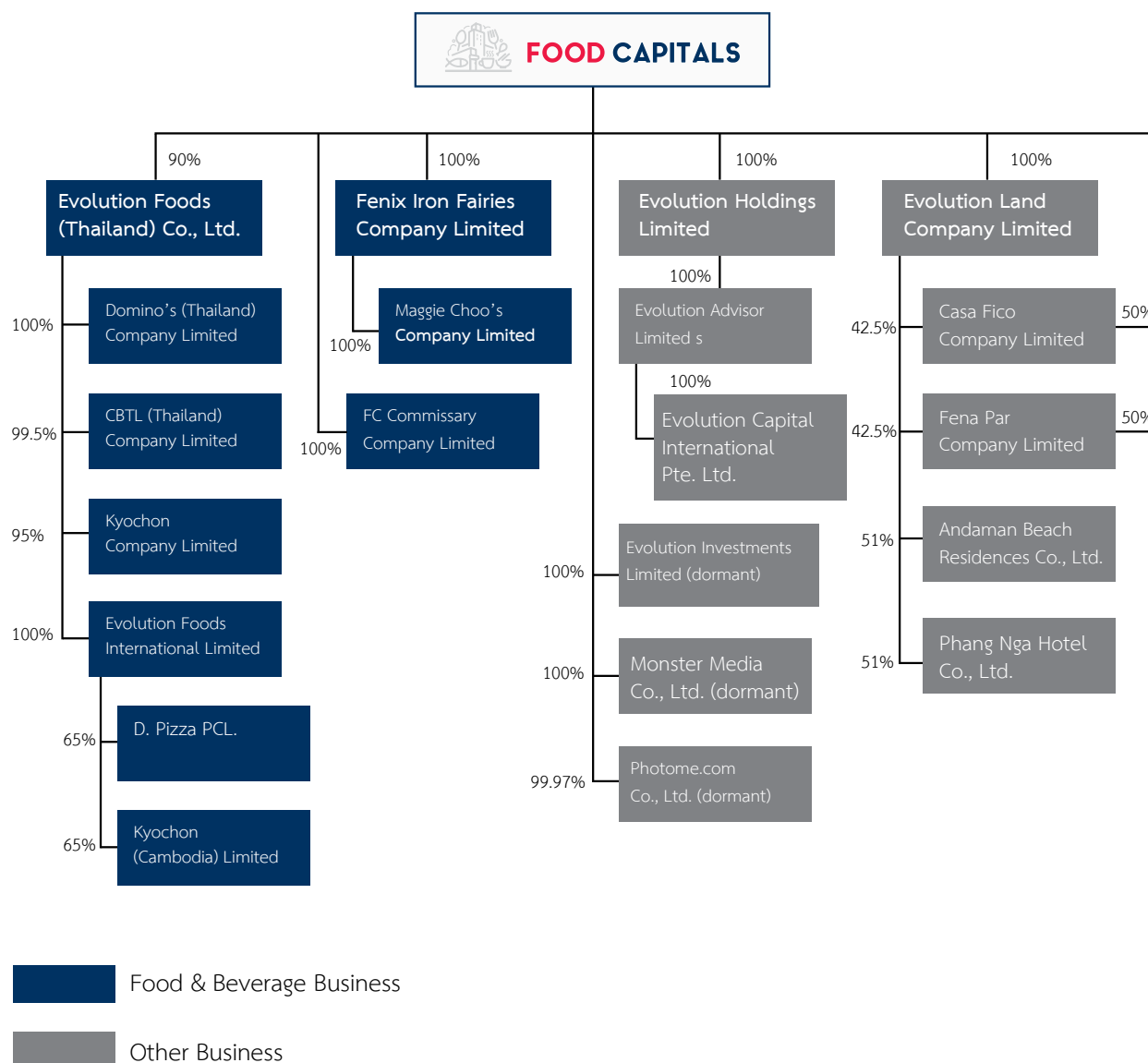
: As of year-end 2016, the Company and its subsidiaries owned 61 restaurants in Thailand and overseas.

<sup>1</sup> The company has changed its name to "Domino's (Thailand) Company Limited".

<sup>2</sup> The company has changed its name to "CBTL (Thailand) Company Limited".

## The Group's Structure

Food Capitals Public Company Limited, is operated in an investment holding in business which is primarily focused on food and beverage in various famous brands under franchise licenses, as well as its own restaurant brands/ trademark. In addition, the Company invested in real estate sector through the subsidiaries and associates of the group company.



## Details of Subsidiaries and Associated Companies

No.	Company Name (Registration Number)	Address	Type of Business	Registered Capital (Baht unless stated otherwise)	Paid-up Capital (Baht unless stated otherwise)	Ownership Percentage
<b>Subsidiaries</b>						
1	Evolution Land Co., Ltd. (0105550103680)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Investment in Real Estate	229,107,500	229,107,500	100.00%
2	Monster Media Co., Ltd. <sup>3</sup> (0105550089946)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Multimedia Provider (dormant)	10,000,000	10,000,000	100.00%
3	Evolution Advisors Limited (205720)	89 Nexus Way Camana Bay Grand Cayman KY1-9007 Cayman Islands	Investment Advisory	USD 50,000	USD 46,160	100.00%
4	Evolution Holdings Limited (081787)	113, 2nd Floor, Medine Mews, Chaussee Street, Port Louis, Mauritius	Holding Company	USD 4,675,000	USD 4,675,000	100.00%

<sup>3</sup>The Board of Directors of the Company resolved to approve the closure of Monster Media Company Limited on 14 August 2015. The subsidiary conducted digital media business. The rationale was to focus on core businesses of the Company.



5	FC Commissary Co., Ltd (0105551131555)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Central Kitchen	10,000,000	10,000,000	100.00%
6	Evolution Investments Limited (229379)	89 Nexus Way Camana Bay, Grand Cayman KY1-9007 Cayman Islands	Investment Holding Company	USD 50,000	USD 5,700	100.00%
7	Evolution Capital International Pte.Ltd (201129170N)	100 Beach Road # 25-06, Shaw Towers, Singapore	Investment Holding Company	SGD 5,000	SGD 5,000	100.00%
8	Domino's (Thailand) Co., Ltd. (0105555060342)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, 10110	QSR business	213,000,000	213,000,000	100.00%
9	CBTL (Thailand) Co., Ltd. (0105554072967)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Coffee Shop / Bakery	279,000,000	279,000,000	99.86%
10	Fenix Iron Fairies Co., Ltd. (0105553125897)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurants	4,000,000	4,000,000	100.00%
11	Maggie Choos' Co., Ltd. (0105555053257)	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurant	6,000,000	6,000,000	100.00%
12	Casa Fico Co., Ltd. (0105550050799)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	285,000,000	285,000,000	92.50%
13	Fena Park Co., Ltd. (0105549116277)	Fico Place Building, 10th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey, Wattana, Bangkok 10110	Residential Property Development	100,000,000	100,000,000	92.50%
14	Kyochon Co., Ltd	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Fried chicken restaurant	90,000,000	90,000,000	94.67%

15.	PhotoME.com Co., Ltd. <sup>4</sup>	Unit 1707, 17th Floor, 999/9 The Offices at Centralworld, Rama I Road, Pathumwan, Bangkok 10330	Digital Media Provider (dormant)	10,000,000	10,000,000	99.97%
16.	D Pizza Public Limited Company (9926 PN.ChBP)	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 9,000,000	Riels 9,000,000	65.00%
17.	Evolution Foods (Thailand) Company Limited	725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110	Restaurant	661,130,000	661,130,000	90.00%
18.	Evolution Foods International Limited	c/o CCS Trustees Limited, No. 263 Main Street, P.O. Box 2196, Road Town, Tortula, British Virgin Island	Restaurant	USD 1,500,030	USD 1,500,030	100.00%
19.	Kyochon (Cambodia) Company Limited	35-37, St. Samdach Panh, Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh	Restaurant	Riels 2,000,000	Riels 2,000,000	65.00%

<sup>4</sup> The Board of Directors of the Company resolved to approve the closure of PhotoME.Com Company Limited on 14 August 2015. The subsidiary conducted digital media business. The rationale was to focus on core businesses of the Company.

Associated Companies						
20.	Andaman Beach Residences Co., Ltd. (0105551106224)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Residential Real Estate Development	10,000,000	10,000,000	51.00%
21.	Phang Nga Hotel Co., Ltd. (0105551106241)	Fico Place Building, 12th Floor, 18/8 Sukhumvit 21 Rd., Klongtoey Nua, Wattana, Bangkok 10110	Hotel Real Estate Development	10,000,000	10,000,000	51.00%

# Our Brands



Domino's Pizza



Kyochon



The Coffee Bean  
& Tea Leaf Thailand



Maggie Choo's



Fenix Iron Fairies



Fat Gut'z Saloon



Fat'R Gut'Z



Clouds



Bon Bon Bar



Red Planet Hotel



# Nature of Business and Industry Overview

## Franchised Restaurant Business

The Company operates Domino's Pizza in Thailand and Cambodia, The Coffee Bean & Tea Leaf in Thailand, Kyochon Company Limited in Thailand and Cambodia and owns master franchise rights for Kyochon in Myanmar and Laos.



# DOMINO'S PIZZA

## in Thailand and Cambodia

Domino's Pizza ("Domino's") was initially founded in 1960 in Michigan, the United States. Domino's Pizza is one of the most popular pizzeria in the US with more than 12,000 stores spreading out in more than 80 countries across the world and more than 1 million pizzas sold daily.





This makes Domino's Pizza the second world's largest pizza brand. High-quality ingredient, specially-made dough, and fresh oven-baked pizzas only upon customers' orders are highlights of Domino's Pizza. It emphasized on the new technology to respond to the change of customers' lifestyle by introducing online ordering in 2013 and launching voice-over mobile application in iOS, Android, and Window Phone 8 in 2014.

In Thailand, Domino's (Thailand) Co., Ltd. (Former name "Fenix Pizza Co., Ltd."), the Company's subsidiary, has the exclusive franchise rights to operate Domino's Pizza stores in Thailand. Domino's Pizza offers a variety dishes e.g. pizza, bread, pasta, side dishes and desserts. Customers can either dine in, take away or have the order delivered to their places through 3 channels: (1) Call center 1612, (2) website [www.dominospizza.co.th](http://www.dominospizza.co.th), and (3) Mobile application in both iOS and Android, starting from October 2015.





Sukhumvit 1  
 Holiday Inn 22  
 Sukhumvit 47/49  
 Sukhumvit 77  
 Sukhumvit 103  
 I'M Park Samyan  
 Vanilla Moon  
 Sena Fest  
 The Sense Pinklao  
 Victoria Garden  
 The Season Phaholyothin  
 Prachanivet  
 Sutthisarn  
 Ladprao 71  
 The Paseo Town

The Nine  
 Plearnary Mall Watcharapon  
 Jas Ramintra  
 Amorini  
 Muang Thong Thani  
 Pattaya 2 (Na Kluea)  
 Pattaya, Sai 3  
 Lotus Chonburi  
 The Bright  
 Food Villa  
 55 Srinakarin  
 Metropole, Thonglor  
 Seacon Bangkae  
 Silom  
 Jas Srinakarin



BKK 1, St. 51 (Pasteur),  
 Corner St.288, Phnom Penh  
 City Mall, Charles de Gaulle  
 Blvd, Phnom Penh  
 IFL, Confederation de la Rus  
 sie, Phnom Penh  
 AEON Mall, Samdach Sot  
 hearos Blvd, Phnom Penh  
 PPT, SangKat Phnom Penh  
 Souvanna\*, Phnom Penh

\*Pizza World's branches,  
 which will be converted into  
 Domino's Pizza later











## KYOCHON in Thailand and Cambodia

Kyochon F&B Company Limited, the franchisor of Kyochon chicken, was founded in 1991. Kyochon offers unique fried chicken reflecting the original Korean food culture and emphasizes on high-quality products and health consciousness at the same time. Additionally, it uses high-quality cooking oil which

helps reduce LDL cholesterol. These healthy ingredients make Kyochon become very popular with over 1,000 outlets throughout Korea. Kyochon also spreads out its outlets internationally, namely the US, China, Indonesia, Malaysia, The Philippines, Japan, Thailand and Cambodia. In 2011, Kyochon was praised

as “New York’s best chicken wing” by NBC and received Brand of the Year award for 12 consecutive years, which assured the food quality and deliciousness to the public.

Kyochon Company Limited (“KCL”) is a subsidiary of the Company and is partially owned by Korean F&B







Company Limited, the franchisor. KCL owns the exclusive rights to operate Kyochon stores in Thailand, Cambodia, Myanmar and Laos PDR.

As for Cambodia, KCL granted a franchise right to Kyochon (Cambodia) Company Limited (“KCC”), a joint-venture between the Company and CBM, the same joint-venture partner as that of Domino’s Pizza in Cambodia. The first store was opened in the heart of Phnom Pehn at the corner of 288 and 51 Street (Pasteur) in October 2015.

kyōChon 1991



Centerpoint of Siam Square  
The Paseo Town  
Market Village Suvannabhumi  
Mega Bangna  
Fashion Island  
Central WestGate



St. 51 (Pasteur), Corner  
St.288, Phnom Penh







# THE COFFEE BEAN & TEA LEAF THAILAND







Founded in 1963, in southern California, USA. International Coffee & Tea, LLC the franchisor of The Coffee Bean & Tea Leaf (“CBTL”) and also the oldest and largest privately-held specialty coffee and tea retailer in the United States. At present, there are over 1,000 CBTL outlets, spreading out in 32 countries, offering traditional tea and coffee, hand brewed by baristas. Consistency of the flavor is the key to CBTL, therefore sourcing key ingredients such as coffee and tea are done in high-selection standard. Aside from hot and iced coffee and tea, CBTL also serves a wide variety of ice-blended coffee and non-coffee drinks which are the brand’s signature drinks. CBTL is among the first to introduce ice-blend drink. CBTL (Thailand) Company Limited, the Company’s subsidiary, has been granted the franchise rights to operate CBTL stores in Thailand.





Central World, fl. 2

Central World, fl. 3

Siam Center

Fashion Island

Bangkok Hospital

Paradise Park

Central Embassy

MBK Center

Mike Pattaya

Mega Bangna

Zpell, Future Park Rangsit







## Own-Brand Group

The Company operates casual restaurants and bars under its subsidiaries. There are 8 restaurants in Fenix Iron Fairies group. The detail of restaurants are as follows:

### Maggie Choo's

Maggie Choo's is a bar operated by Fenix Silom Co., Ltd., the Company's subsidiary. The interior decoration is inspired by Shanghai in 1930's. Aside from serving soft drinks, there is a wide variety of live performance available in the bar as well.





## Bon Bon Bar

Bon Bon is a pub and restaurant under “an adult’s playground” concept. Playful desserts, modern tacos and wines are offered at Bon Bon. There is also an ice bar with -17°C available for customers who would like to explore icy ambience in Bangkok.

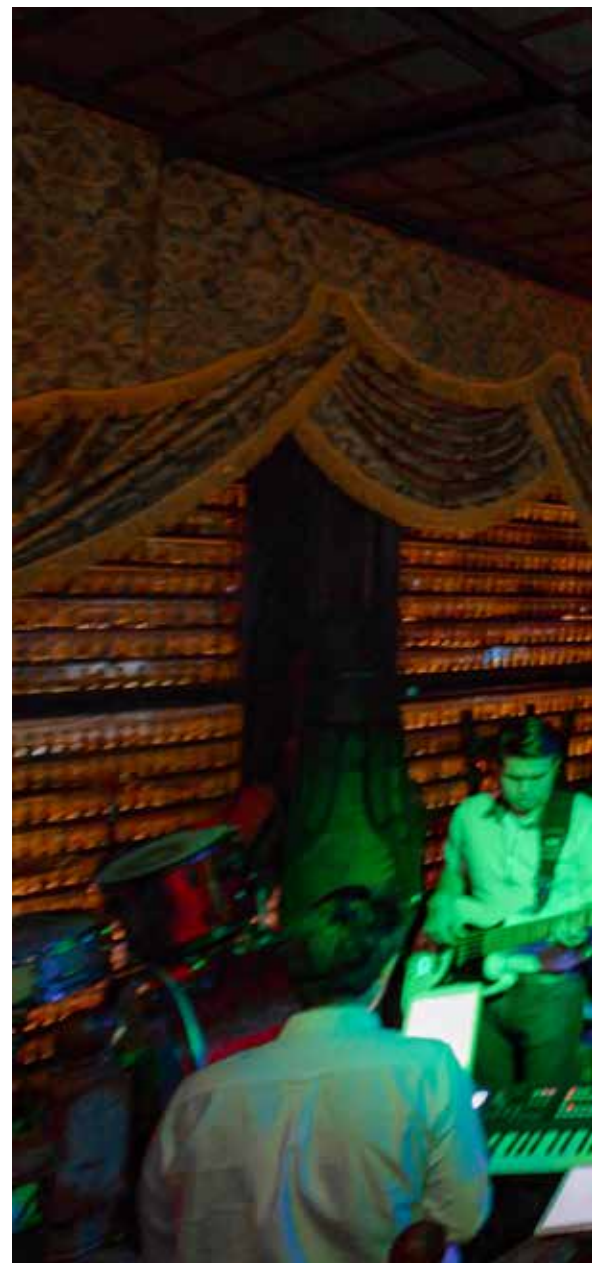




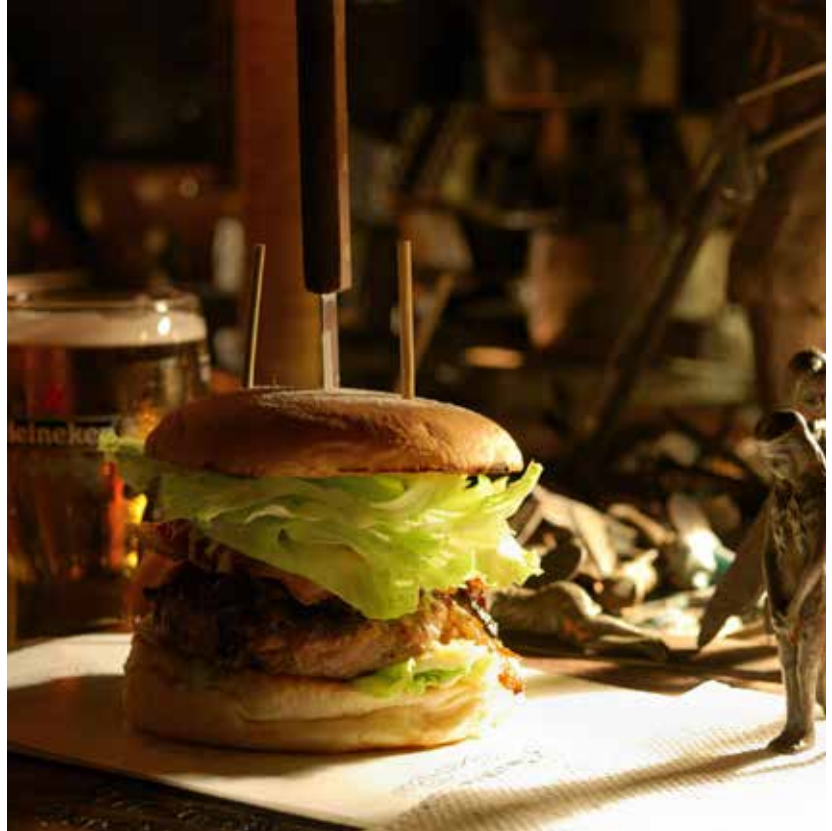


## Clouds

Clouds is a lounge with futuristic eco-tech park sets in the cloud, where the premium wine, cocktails and tapas are offered.







## The Iron Fairies

The Iron Fairies is a jazz bar with a magical fairytale-inspired theme.



## Fat'R Gut'Z

A nautical themed pub and restaurant, offering wine and spirits bar with a stream-punk feel and serving comfort food.







## Fat Gu'z Saloon

Pub style restaurant with the concept of west meets east serving food and alcohol featuring live bands.







## **Details of stores of owned brand group are as follows:**

### **Maggie Choo's**

Novotel Fenix, Silom

### **Bon Bon Bar**

Seenspace, Thong Lor 13

### **Clouds**

Seenspace, Thong Lor 13

### **Fat'R Gut'Z**

Seenspace, Thong Lor 13

### **The Iron Fairies**

Sukhumvit 55 (Thong Lor)

### **Fat Gut'z Eastville**

Central Festival Eastville, 1st Floor.





In February 2017, the Company has acquired 100% shares of G Enterprise & Co Company Limited from the existing shareholders. As a result, the Company has additional 6 restaurants under the brands “Chingcha Chalee”, “Moom-mumPark”, “Umami”, “Fallabella”, “Pirate Chambre”, and “Pirate Bazaar” at the total investment amount of up to Baht 121,809,000.





## Other Investment of the Company

The Company invests in Red Planet Hotels Limited which operates budget hotels under its own brand.

The concept of Red Planet Hotel is redefining the value of hotel experience to the guests. Red Planet Hotels provide a high-quality, hygienic, comfortable and convenient stay with professional service at desirable locations at attractive prices. Red Planet Hotel operates over 3,970 keys in 31 hotels in Thailand, The Philippines, Indonesia and Japan.



- 📍 Japan
- 📍 Indonesia
- 📍 Philippines
- 📍 Thailand







## Industry Overview and Competition

### Restaurant Industry

In 2017, Thai economy is expected to expand. According to the forecast by the Bank of Thailand, the GDP growth is 3.2% with government spending as main supporting factor, compensated for contractions in export and private investments. Tourism industry tends to lower due to bomb, sanction on zero Baht tours, and bi-lateral economy. Although private consumption decreased in 2016, the government consumption stimulus plan during 14 – 31 December 2016 was expected to relieve the contraction.

Kasikorn Research Centre projected that the restaurant market value (including restaurant chain) in 2016 is Baht 382 – 385 billion and the market value of restaurant chain alone is Baht 114 – 116 billion.

For the restaurant market, the contraction of economy in 2016 has an impact in spending on restaurants by Thai consumers who give more importance on value in selecting restaurants. Therefore, promotions remain one of the strategies to attract more Thai consumer's spending on restaurants. In addition, there are more players in the franchised restaurant business. Therefore, restaurant operators must build brand to create uniqueness and become well known among consumers.

### Budget Hotel Industry

Asian economic growth was expected to grow steadily at 5.4% in 2015-2016 according to International Monetary Fund (IMF). The growth should benefit from a strong labor market, disposable income growth along with the ongoing gradual recovery in the world economy. Based on the forecast of IMF, GDP of major geographic market of Red Planet Hotel was expected at 5.0% CAGR for Thailand, 10.9% CAGR for the Philippines, 5.4% CAGR for Indonesia, and 2.6% CAGR for Japan.

GDP (USD Billion) and GDP Growth Forecast

	2013	2014	2015*	2016*	2017*	2018*	USD Billion CAGR (2015-2018)
<b>Thailand</b>	420	405-	374	393	411	432	
growth		-3.7%	-7.7%	5.2%	4.6%	5.1%	5.0%
<b>Philippines</b>	272	285	299	330	367	408	
growth		4.7%	5.2%	10.3%	11.1%	11.2%	10.9%
<b>Indonesia</b>	913	889	873	876	950	1,021	
growth		-2.6%	-1.8%	0.4%	8.5%	7.4%	5.4%
<b>Japan</b>	4,920	4,602	4,116	4,171	4,342	4,446	
growth		-6.4%	-10.6%	1.3%	4.1%	2.4%	2.6%

\* Forecasted Source: International Monetary Fund (IMF)

# Financial Highlights and Operation Results of the Company and its subsidiaries.

The table below showed statement of financial position and statement of comprehensive income for the year ended 31 December 2016 and for the previous two years of the Company and its subsidiaries.

Statement of Financial Position	As of 31 December 2014 (Restated)		As of 31 December 2015		As of 31 December 2016	
	Baht	%	Baht	%	Baht	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	87,466,840	4.30%	106,086,938	4.70%	300,228,119	13.42%
Trade and other receivables	38,798,380	1.90%	34,886,300	1.50%	11,098,862	0.50%
Accrued Income	9,691,762	0.50%	14,119,199	0.60%	5,007,974	0.22%
Short-term loans to non-related parties	4,921,920	0.20%	5,388,495	0.20%	5,348,820	0.24%
Inventory	29,056,831	1.40%	50,598,161	2.20%	35,704,583	1.60%
Other Current Assets	27,813,803	1.40%	31,159,128	1.40%	27,384,589	1.22%
<b>Total Current Assets</b>	<b>197,749,536</b>	<b>9.80%</b>	<b>242,238,221</b>	<b>10.60%</b>	<b>384,772,947</b>	<b>17.20%</b>
<b>Non-Current Assets</b>						
Restricted deposit at bank	2,743,099	0.10%	2,753,292	0.10%	-	0.00%
Receivable from disposal of investment	-	0.00%	-	0.00%	36,113,779	1.60%
Investment in Associates	500,173,194	24.70%	87,699,473	3.90%	-	0.00%
Other Investment	-	0.00%	594,338,521	26.10%	594,338,521	26.57%
Project Development Costs In Progress	343,266,778	16.90%	338,666,778	14.90%	327,011,544	14.62%
Investment Properties	59,403,868	2.90%	59,403,868	2.60%	59,403,868	2.66%
Leasehold Improvement and Equipment	315,601,534	15.60%	417,271,612	18.30%	341,597,915	15.27%
Goodwill	308,046,153	15.20%	257,046,153	11.30%	213,310,113	9.54%
Intangible Assets	52,259,241	2.60%	58,598,966	2.60%	56,285,485	2.52%
Leasehold Right of Lands	152,868,260	7.50%	146,231,860	6.40%	139,464,142	6.23%
Deferred Tax Assets	48,482,760	2.40%	9,296,090	0.40%	22,352,006	1.00%
Other Non-Current Assets	44,679,055	2.20%	64,234,897	2.80%	62,357,692	2.79%
<b>Total Non-Current Assets</b>	<b>1,827,523,942</b>	<b>90.20%</b>	<b>2,035,541,510</b>	<b>89.40%</b>	<b>1,852,235,065</b>	<b>82.80%</b>
<b>Total Assets</b>	<b>2,025,273,478</b>	<b>100.00%</b>	<b>2,277,779,731</b>	<b>100.00%</b>	<b>2,237,008,012</b>	<b>100.00%</b>



Statement of Financial Position	As of 31 December 2014 (Restated)		As of 31 December 2015		As of 31 December 2016	
	Baht	%	Baht	%	Baht	%
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Overdrafts	-	0.00%	-	0.00%	1,883,032	0.08%
Trade and Other Payables	137,911,526	6.80%	165,589,054	7.27%	129,910,866	5.81%
Current Portion of Loans from Financial Institution	74,921,449	3.70%	51,581,408	2.27%	-	0.00%
Current Portion of Loans from Non-Related Parties	57,500,000	2.80%	57,925,342	2.54%	-	0.00%
Short-Term Borrowings	3,395,160	0.20%	6,668,898	0.29%	3,924,762	0.18%
Current Portion of Financial Lease Payable	-	0.00%	279,722	0.01%	1,165,982	0.05%
Assume Liabilities	6,000,000	0.30%	6,000,000	0.26%	6,000,000	0.27%
Contingent Consideration	33,900,000	1.70%	-	0.00%	-	0.00%
Other Current Liabilities	8,545,069	0.40%	10,226,984	0.45%	8,797,012	0.39%
<b>Total Current Liabilities</b>	<b>322,173,204</b>	<b>15.90%</b>	<b>298,271,408</b>	<b>13.09%</b>	<b>151,681,654</b>	<b>6.78%</b>
<b>Non-Current Liabilities</b>						
Debenture	-	0.00%	-	0.00%	588,177,109	0.2629
Long-Term Loan from Financial Institution	96,158,463	4.70%	44,577,055	1.96%	4,469,684	0.20%
Long-Term Loan from Related Parties	43,532,005	2.10%	151,305,670	6.64%	-	0.00%
Deferred Tax Liabilities	14,916,014	0.70%	19,256,415	0.85%	159,078,059	7.11%
Provision for Employee Benefits	1,314,396	0.10%	2,290,819	0.10%	18,997,077	0.85%
Other Non-Current Liabilities	10,419,016	0.50%	17,116,123	0.75%	17,630,479	0.79%
<b>Total Non-Current Liabilities</b>	<b>166,339,894</b>	<b>8.20%</b>	<b>234,546,082</b>	<b>10.30%</b>	<b>788,352,408</b>	<b>35.24%</b>
<b>Total Liabilities</b>	<b>488,513,098</b>	<b>24.10%</b>	<b>532,817,490</b>	<b>23.39%</b>	<b>940,034,062</b>	<b>42.02%</b>
<b>SHAREHOLDERS' EQUITY</b>						
Issued and Fully Paid-up Share Capital	1,654,052,845	81.70%	1,959,269,063	86.02%	1,959,306,678	87.59%
Premium on Shares	491,942,289	24.30%	519,509,836	22.81%	519,528,644	23.22%
Discount on Shares from Business Acquisition	(120,020,000)	-5.90%	(120,020,000)	-5.27%	(120,020,000)	-5.37%
Warmats	37,963,921	1.90%	37,963,921	1.67%	37,963,921	1.70%
Legal Reserve	2,661,312	0.10%	2,661,312	0.12%	2,661,312	0.12%
Retained Losses	(555,293,249)	-27.40%	(834,983,976)	-36.66%	(1,256,900,146)	-56.19%
Other Component of Shareholder	(9,606,320)	-0.50%	129,280,681	5.67%	125,623,065	5.62%
Non-Controlling Interest	35,059,582	1.70%	51,281,404	2.25%	28,810,476	1.29%
<b>Total Shareholders' Equity</b>	<b>1,536,760,380</b>	<b>75.90%</b>	<b>1,744,962,241</b>	<b>76.61%</b>	<b>1,296,973,950</b>	<b>57.98%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,025,273,478</b>	<b>100.00%</b>	<b>2,277,779,731</b>	<b>100.00%</b>	<b>2,237,008,012</b>	<b>100.00%</b>

Statement of Comprehensive Income	31-Dec-14 (Restated)		31-Dec-15		31-Dec-16	
	Baht	%	Baht	%	Baht	%
<b>Continuing operations</b>						
<b>Revenue</b>						
Sales	426,521,309	86.00%	697,055,094	75.20%	671,418,191	94.14%
Consultant Income	16,571,491	3.30%	17,769,303	1.90%	11,281,190	1.58%
Sub-Franchise Income	5,334,043	1.10%	2,417,531	0.30%	889,716	0.13%
Investment Service Income	19,352,535	3.90%	11,155,934	1.20%	-	0.00%
Management Income	1,936,000	0.40%	2,090,828	0.20%	1,988,920	0.28%
Interest Income	569,981	0.10%	1,408,083	0.20%	1,687,555	0.24%
Profit from Change in Investment Classification	-	0.00%	158,378,847	17.10%	-	0.00%
Other Income	25,599,626	5.20%	36,179,707	3.90%	25,917,392	3.63%
<b>Total Revenue</b>	<b>495,884,985</b>	<b>100.00%</b>	<b>926,455,327</b>	<b>100.00%</b>	<b>713,182,964</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of Sales	(169,610,494)	-34.20%	(258,679,681)	-27.90%	(252,864,663)	-35.46%
Selling Expenses	(292,885,944)	-59.10%	(537,187,557)	-58.00%	(524,470,237)	-73.54%
Administrative Expenses	(234,777,096)	-47.30%	(353,247,685)	-38.10%	(373,476,018)	-52.37%
Share Profit (loss) from Investment in Associates	(83,735,022)	-16.90%	(8,401,531)	-0.90%	762,720	0.11%
<b>Total Expenses</b>	<b>(781,008,556)</b>	<b>-157.50%</b>	<b>(1,157,516,454)</b>	<b>-124.90%</b>	<b>(1,150,048,198)</b>	<b>-161.26%</b>
<b>Loss Before Financial Cost and Income Tax</b>	<b>(285,123,571)</b>	<b>-57.50%</b>	<b>(231,061,127)</b>	<b>-24.90%</b>	<b>(436,865,234)</b>	<b>-61.26%</b>
Financial Costs	(22,592,372)	-4.60%	(21,299,137)	-2.30%	(31,125,927)	-4.36%
Income tax revenue (expense)	22,224,360	4.50%	(44,951,195)	-4.90%	13,315,254	1.87%
<b>Loss for the year from continuing operations</b>	<b>(285,491,583)</b>	<b>-57.60%</b>	<b>(297,311,459)</b>	<b>-32.10%</b>	<b>(454,675,907)</b>	<b>-63.75%</b>
<b>Discontinued operations</b>						
Loss for the year from discontinued operations	(6,029,681)	-1.20%	(10,031,001)	-1.10%	-	0.00%
<b>Loss for the year</b>	<b>(291,521,264)</b>	<b>-58.80%</b>	<b>(307,342,460)</b>	<b>-33.20%</b>	<b>(454,675,907)</b>	<b>-63.75%</b>
<b>Loss attributable to:</b>						
<b>Equity holders of the Company</b>						
Loss for the year from continuing operations	(281,890,147)	-56.80%	(269,659,726)	-29.10%	(423,361,374)	-59.36%
Loss for the year from discontinued operations	(6,029,681)	-1.20%	(10,031,001)	-1.10%	-	0.00%
Non-controlling interest of the subsidiaries	(3,601,436)	-0.70%	(27,651,733)	-3.00%	(31,314,533)	-4.39%
<b>Net Loss for the Year</b>	<b>(291,521,264)</b>	<b>-58.80%</b>	<b>(307,342,460)</b>	<b>-33.20%</b>	<b>(454,675,907)</b>	<b>-63.75%</b>

Statement of Cash Flows	31-Dec-14 (Restated)	31-Dec-15	31-Dec-16
Cash flows from operating activities			
Loss before tax from continuing operations	(307,715,943)	(252,360,264)	(467,991,161)
Loss before tax from discontinued operations	(6,029,681)	(10,031,001)	-
Loss before tax	(313,745,624)	(262,391,265)	(467,991,161)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	67,068,959	91,852,825	110,943,638
Bad debts and allowance for doubtful accounts	6,886,256	4,595,830	54,147,892
Reduction of inventory to net realisable value	361,101	49,415	72,471
Investment services income	(19,352,535)	(11,155,934)	-
Share of loss from investments in associates	84,259,322	8,401,531	(762,720)
Profit on reclassification investment	-	(158,378,847)	-
Unrealised loss on exchange	23,367	342,936	39,675
Loss on disposal of investment in subsidiary	(4,858,404)	-	2,294,491
Loss on Impairment loss from investment	(269,496)	-	-
Loss (gain) on disposal of equipment	1,404,114	9,725,910	39,063,557
Loss on disposal of intangible assets	(5,241,125)	165,250	-
Allowance for impairment of project development cost in progress	-	4,600,000	11,655,234
Allowance for impairment of equipment	7,720,297	8,788,280	14,483,710
Allowance for impairment of intangible assets	-	273,284	1,548,308
Allowance for impairment of goodwill	-	51,000,000	43,736,040
Impairment loss on leasehold right of land	6,000,000	-	-
Withholding tax written off	512,320	-	-
Loss of written-off deposits	-	1,787,897	1,724,636
Provisions for liabilities	2,080,023	1,349,179	95,543
Contingent consideration	20,340,000	66,100,000	-
Interest Income	(569,981)	(1,408,083)	(1,687,555)
Interest expenses	22,592,372	21,299,137	31,125,927
Loss from operating activities before changes in operating assets and liabilities	(124,789,034)	(163,002,655)	(159,510,314)
Decrease (increase) in operating assets			
Trade and other receivables	(10,982,801)	7,149,772	20,506,096
Accrued income	332,413	(5,951,334)	9,111,225
Inventories	5,588,322	(21,590,745)	12,893,413
Other current assets	(3,386,021)	(1,043,256)	(1,360,480)
Other non-current assets	(15,059,765)	(21,981,581)	(5,108,072)
Increase (decrease) in operating liabilities			
Trade and other payables	26,345,858	15,295,925	(12,964,440)
Other current liabilities	793,672	2,079,962	(621,799)
Employee Benefit Paid	(1,231,160)	-	-



Statement of Cash Flows	31-Dec-14 (Restated)	31-Dec-15	31-Dec-16
Cash flows used in operating activities	(122,388,516)	(189,043,912)	(137,054,371)
Cash received from income tax refund	-	-	3,190,770
Cash paid for interest expenses	(15,854,163)	(12,932,378)	(18,483,814)
Cash paid for corporate income tax	(3,091,065)	(3,063,844)	(1,251,684)
<b>Net cash flows used in operating activities</b>	<b>(141,333,744)</b>	<b>(205,040,134)</b>	<b>(153,599,099)</b>
Cash flows from investing activities			
Interest income	558,993	1,397,890	1,687,555
Increase in restricted bank deposit	(2,521,380)	-	2,753,292
Cash paid for additional investment in subsidiaries	(17,721,485)	-	(3,000,000)
Proceeds from sale of investment in subsidiary	6,748,423	-	25,814,538
Cash paid for purchase of leasehold improvements and equipment	(135,314,867)	(177,933,311)	(119,213,292)
Cash paid for purchase of intangible assets	(17,209,857)	(15,401,841)	(11,461,971)
Proceeds from disposals of equipment	559,568	2,142,000	5,261,453
<b>Net cash flows used in investing activities</b>	<b>(164,900,605)</b>	<b>(189,795,262)</b>	<b>(98,158,425)</b>
Cash flows from financing activities			
Overdrafts increase	-	-	1,883,032
Cash receipt from loan from financial institution	64,485,404	-	-
Proceeds from the issuance of the debentures	-	-	600,000,000
Deferred debenture issuing costs	-	-	(15,231,506)
Repayment of long-term loans from banks	(31,337,749)	(74,921,449)	(96,158,463)
Repayment of loans from unrelated parties	(400,000)	-	(57,500,000)
Repayment of financial lease payable	(358,385)	(876,537)	(707,023)
Cash receipt from short-term loans from related parties	-	3,009,065	1,990,935
Cash receipt from long-term loans from related parties	4,590,000	-	-
Non-controlling interests invested in subsidiaries	-	150,000,000	9,247,324
Proceeds from increase in share capital	284,316,415	332,783,765	56,423
Issuance of warrants	646,421	-	-
Dividend paid to non-controlling interests	-	(2,200,000)	-
<b>Net cash flows from financing activities</b>	<b>321,942,106</b>	<b>407,794,844</b>	<b>443,580,722</b>
Cash increase from business acquisition	59,623	-	-
Increase in translation adjustments	(135,527)	5,660,650	2,317,983
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,631,853</b>	<b>18,620,098</b>	<b>194,141,181</b>
Cash and cash equivalents at beginning of year	71,834,987	87,466,840	106,086,938
<b>Cash and cash equivalents at end of year</b>	<b>87,466,840</b>	<b>106,086,938</b>	<b>300,228,119</b>

Financial Ratio	Unit	31-Dec-14	31-Dec-15	31-Dec-16
<b>Liquidity Ratio</b>				
Current Ratio	Times	0.61	0.81	2.54
Quick Ratio	Times	0.42	0.52	2.09
Cash Ratio	Times	(0.58)	(0.66)	(0.68)
Receivable Turnover	Times	9.60	14.94	21.00
Cash Collection period	Days	37.52	24.09	17.15
Inventory Turnover	Times	5.31	6.50	5.86
Inventory Trade period	Days	67.83	55.43	61.43
Trade Payable Turnover	Times	1.32	1.70	1.71
Cash payment period	Days	273.30	211.19	210.35
Cash Cycle	Days	(167.95)	(131.67)	(131.77)
<b>Profitability Ratio</b>				
Gross Profit Margin	%	63.74%	64.49%	63.01%
Operating Profit Margin	%	-49.06%	-57.76%	-68.35%
Cash to Net Profit Ratio	%	-61.58%	-48.74%	-32.87%
Net Profit Margin	%	-62.32%	-42.19%	-66.51%
Return on Equity	%	-18.97%	-17.61%	-35.06%
<b>Efficiency Ratio</b>				
Return on Assets	%	-15.04%	-14.28%	-20.14%
Return on Fixed Assets	%	-85.68%	-63.19%	-95.83%
Assets Turnover	Times	0.24	0.43	0.32
<b>Leverage Ratio</b>				
Debt to Equity Ratio	Times	0.32	0.31	0.72
Interest Coverage Ratio	Times	(7.72)	(14.62)	(7.24)
Dividend Ratio	%	N/A	N/A	N/A



## Management Discussion and Analysis

### Description and Analysis of Financial Position and Operating Results

There were 30 Domino's Pizza stores, 10 The Coffee Bean & Tea Leaf stores, 5 Kyochon Chicken, and 7 stand-alone restaurants at end of 2016. The Company also signed up for exclusive franchise rights in Cambodia for Domino's Pizza and Kyochon which are operated through the subsidiaries in Cambodia.

### Analysis of operating results

#### Revenue Structure

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Revenue from sales	697.06	75.18%	671.42	94.14%	(25.64)	(3.68%)
Consultant income	17.77	1.92%	11.28	1.58%	(6.49)	(36.52%)
Sub-franchise revenue	2.42	0.26%	0.89	0.12%	(1.53)	(63.22%)
Investment service income	11.16	1.21%	-	-	(11.20)	(100.00%)
Management income	2.09	0.23%	1.99	0.28%	(0.10)	(4.78%)
Interest income	1.41	0.15%	1.69	0.24%	0.28	19.86%
Profit from change in investment classification	158.98	17.15%	-	-	(158.98)	(100.00%)
Other income	36.18	3.90%	25.92	3.63%	(10.26)	(28.36%)
<b>Total income *</b>	<b>927.07</b>	<b>100.00%</b>	<b>713.19</b>	<b>100.00%</b>	<b>(213.88)</b>	<b>(23.07%)</b>

Total Revenue comprises of revenue from sales and services, management income, interest income and other income according to the presentation of Statement of Comprehensive income.

Revenue from continuing operation during 2016 decreased by THB 213.88 million or -23.07%, compared to 2015 due arise to the following reasons:

The mainly reason was arise from the change in classification of an investment in Red Planet Hotels Limited (RPHL) due to the cease in significant influent over RPHL effect from 30 June 2015. The Company recognised profit in 2015 of Baht 158.98 million as a resulted from such change in investment classification. Afterthat, there were no investment income recognised based on equity method and affect to the decrease in investment service income from RPHL of Baht 11.16 million in the current year.

In addition, there were other factors and circumstances that affect to the overall revenue decrease as follows :

- Revenue from food and beverage for the year 2016 was Baht 671.42 million which was decreased by Baht 25.64 million, or -3.68% compare with the year 2015 directly affect from the life style restaurant business segment due to the passing of His Majesty the Late King Bhumibol Adulyadej in October 2016.
- Revenue from business and investment advisory has decreased by Baht 6.5 million, or 37% due to changing in the scope of advisory service during the current year as the Company focused in the food and beverage retails segment as core business of the company.
- The decrease in sub-franchise revenue Baht 1.53 million, or 63.22% due to the divestiture of Mr. Jones International Co., Ltd.

## Revenue breakdown by segment

The Company's two main continuing operating businesses comprise: 1) Food & Beverage retail and 2) Investment Services (including business, investment, and property development consulting services) as follows:

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Food and beverage retails	699.48	96.03%	672.31	98.35%	(27.17)	(3.88%)
Business advisory, investment and property development consulting services	28.93	3.97%	11.28	1.65%	(17.65)	(61.01%)
<b>Total revenue from sales and services</b>	<b>728.41</b>	<b>100.00%</b>	<b>683.59</b>	<b>100.00%</b>	<b>(44.82)</b>	<b>(6.15%)</b>

### a) Food & Beverage Retail

The Company consolidated revenue from sales comprising revenue from stand-alone restaurant outlets in the Thonglor, Sukhumvit, Silom and Ladprao area of Bangkok, Coffee Bean & Tea Leaf stores, Domino's Pizza store, and Kyochon fried chicken stores. Revenue from this business segment decreased from last year by Baht 27.17 million or -3.88% due to the closure of non-performing restaurant outlets during the year 2016 as described in Table 14.3, as well as the divestiture of Mr. Jones International Co., Ltd. ("Mr. Jones") in September 2016.



## Number of equity stores

Description	As of 31 December 2015	As of 31 December 2016	Change in No. of stores
Domino's Pizza Thailand	29	30	1
Domino's Pizza Cambodia	4	5	1
Pizza World	2	1	(1)
Coffee Bean & Tea Leaf	18	10	(8)
Fenix Iron Fairies	7	6	(1)
Maggie Choo's	1	1	-
Kyochon Thailand	7	6	(1)
Kyochon Cambodia	1	1	1
Mr. Jones Orphanage <sup>1</sup>	7	-	(7)
<b>Total</b>	<b>76</b>	<b>60</b>	<b>(16)</b>

(\*) Investment in Mr. Jones International disposed effect from 5 September 2016.

## b) Business advisory, investment and property development services

In 2016 revenue from services business was THB 11.28 million, a decrease of THB 17.65 million or -61.65% compared to 2015. The revenue decrease was summarised in Table 14.4 below.

## Breakdown of revenue from advisory service

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Investment service income	11.16	38.58%	-	-	(11.16)	(100.00%)
Advisory services	17.77	61.42%	11.28	100.00%	(6.49)	(36.50%)
<b>Total – Segmental income</b>	<b>28.93</b>	<b>100.00%</b>	<b>11.28</b>	<b>100.00%</b>	<b>(17.65)</b>	<b>(61.65%)</b>

- In 2015, the Company recognised revenue from investment service income from Red Planet Hotels Limited. During the year 2015, the Company changed investment classification in Red Planet Hotels in accordance with the Financial Reporting Standards due to cease in significant influent in Red Planet Hotels effect from 30 June 2015. As the Company has no significant voting right and control over Red Planet due to such change in investment classification, the Company could not able to recognise investment service income derived from the increase in value of investment in Red Planet Hotels since 30 June 2015.
- Revenue from business and investment advisory decreased from previous year by Baht 6.49 million, or 36.5% due to changing in the scope of advisory service during the current year.

## Cost Breakdown by Segment

In 2016 the cost of sales and services from continuing operations amounted to THB 252.87 million, a decrease of Baht 5.81 million or -2.25% compared to 2015 were due to a decrease in costs relating to food & beverage retails.

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	Change (%)
Food and beverage retails	258.68	37.11%	252.87	37.40%	(5.81)	(2.25%)
Business advisory, investment and property development consulting services	-	-	-	-	-	-
<b>Total Cost of sales and services</b>	<b>258.68</b>	<b>37.11%</b>	<b>252.87</b>	<b>37.40%</b>	<b>(5.81)</b>	<b>(2.25%)</b>

With the F&B operations, the cost of sales in the food & beverage business amounted to Baht 252.87 million which was 37.40% of total food & beverage revenues derived from cost of food and beverage sales compare with cost of F&B of Baht 258.68 million, accounted in previous year, representing 37.11% of F&B revenue. Cost of F&B sales changed by 2.25% due from the decrease in number of stores as resulting from the closure of non-performing stores during 2016. The Company try to control material prices and select proper vendor to maintain cost of sales and products quality.



## Selling and Administrative Expenses

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	% of Total revenue	Amount (Million Baht)	Change (%)
Selling expenses	537.19	77.06%	524.47	77.57%	(12.72)	(2.37%)
Administrative expenses	353.25	50.68%	373.48	55.23%	20.23	5.73%
<b>Total selling and administrative expenses</b>	<b>890.44</b>	<b>127.74%</b>	<b>897.95</b>	<b>132.80%</b>	<b>7.51</b>	<b>0.84%</b>

In 2016, the Company recognised selling expenses of THB 524.47 million or 77.57% of total revenue, derived mainly from the food & beverage retail business. Selling expenses mainly comprised lease payments for restaurant operations, marketing, advertising, promotional expenses as well as depreciation of leasehold improvement and assets used in the restaurant. The lease payments for restaurant included commercial building leases for Domino's Pizza, department store lease/hotel leases for the Coffee Bean & Tea Leaf, Kyochon and Mr. Jones Orphanage, as well as the outdoor mall leases for stand-alone restaurants.

Administrative expenses for the year 2016 were Baht 373.48 million, representing 55.23% of total revenue, an increase from the previous year of Baht 20.23 million (+5.73%). The increase in administrative expenses pertains to food & beverage business which mainly due to one-time losses recognized from non-cash transactions increase from the previous year Baht 16.5 million which are mainly due to loss from fixed assets written-off as result from the closure of non-performing stores during the year, as well as doubtful debt from a receivable from sale of investment and impairment loss of goodwill.

## Financial Costs

Description	Year 2015		Year 2016		Increase (decrease)	
	Amount (Million Baht)	% of Total	Amount (Million Baht)	% of Total	Amount (Million Baht)	Change (%)
Promissory note Baht 57.5 million	4.31	20.2%	3.78	12.15%	(0.53)	(12.30%)
Promissory note Baht 100 million	7.50	35.2%	7.50	24.10%	-	-
Debenture Baht 600 million	-	-	14.10	45.31%	14.10	100.00%
Loan from financial institutions	8.68	40.8%	4.48	14.39%	(4.20)	(48.39%)
Other borrowing	0.81	3.8%	1.14	3.66%	0.33	40.74%
<b>Total financial costs</b>	<b>21.30</b>	<b>100.0%</b>	<b>31.12</b>	<b>100.00%</b>	<b>9.82</b>	<b>46.10%</b>

In 2016, the Company incurred increment in interest of Baht 9.82 million or 46.10% due to the issuance of unsecured debenture for the maturity within 1 year 9 month, at fixed interest rate of 6% per annum in the aggregate amount of Baht 600 million, representing debenture of 600,000 units at Baht 1,000 each. The interest incurred from debenture issuance will be due for payment on a quarterly basis through the debenture period until maturity in May 2018. The Company was repaid promissory note, Baht 57.50 million and closed a financial institution loan facility by using cash obtaining from issuance of debenture in the late year 2016.

## Net Profit (Loss)

In 2016, the Company posted a net loss from continuing operations of Baht 454.67 million, an increase in net loss of Baht 147.33 million or 47.94% compared to 2015, was mainly due to the change in an investment classification in 2015. The Company recognised profit from change in Red Planet Hotels's investment classification in accordance with the Financial Reporting Standards which is non-recurring and not arising from the Company's normal operating results. Profit from such investment classification was recognised in 2015 of Baht 158.38 million.

## Analysis of Financial Positions

### Assets

Assets	As of 31 December 2015		As of 31 December 2016		Increase (decrease)	
	Amount (Million Baht)	% of total	Amount (Million Baht)	% of total	Amount (Million Baht)	Change (%)
Current Assets	242.24	10.63%	384.72	17.19%	142.48	58.82%
Non-Current Assets	2,035.54	89.37%	1,853.23	82.81%	(182.31)	(8.96%)
<b>Total Assets</b>	<b>2,277.78</b>	<b>100.00%</b>	<b>2,237.95</b>	<b>100.00%</b>	<b>(39.83)</b>	<b>(1.75%)</b>

As of 31 December 2016, the Company had total assets of Baht 2,237.92 million, a decrease of Baht 39.83 million from the end of 2015, was primarily due to disposal of investment in associate, reduction in value of leasehold improvement and equipment, and intangible assets as resulted from depreciation and amortisation recognised for the year.

As of 31 December 2016, the Company had total current assets of Baht 384.72 million, an increase from 2015 of Baht 142.48 million or +58.82% resulted from cash increase from the issuance of debenture during the year 2016.

As of 31 December 2016, the Company had total non-current assets of Baht 1,853.23 million, a decrease from 2015 of Baht 182.31 million or -8.96% resulted from the following issues.

- The Company had entered into Share Purchase and Sell agreement in order to dispose of its investment in Sweetstar K.K., Sweetstar Asia Limited and Q's Dining Inc., at the total carrying value of Baht 87.70 million. The Company accepted to be received a consideration in form of transferrable ordinary shares of Red Planet Foods Inc. ("RPF") which is representing 15.8% of issued and paid up capital in Red Planet Foods Inc. accounted for receivable from sale of investment in approximate with its current book value in RPF of Baht 88.11 million. During the year 2016, the Company's assessed and decided to account for provision on impairment loss on receivable from sale of investment for the year 2016 in the amount of Baht 52 million. As a result of this transaction, carrying value of receivable from sale of investment were presented in the amount Baht 36.11 million as of 31 December 2016.
- As of 31 December 2016, the total net book value of leasehold improvement and equipment was Baht 341.60 million (2015: Baht 417.27 million) decreased by Baht 75.67 million from the previous year, which mainly due to the write down book value of assets from the closure of non-performing stores, the divestment of investment in Mr. Jones International Co., Ltd., as well as book value decrease as resulted from the impairment loss, disposed value of assets and assets depreciation on leasehold improvement and equipment during the year 2016.
- As of 31 December 2016, as resulted from the change in business plan, the Company's management considered that there is an indication that the allocated goodwill to CBTL may be impaired. Therefore, impairment loss on goodwill allocated to CBTL of THB 43.74 million were accounted for the year 2016.

## Liabilities and Shareholders' Equity

Liabilities and shareholders' equity	As of 31 December 2015		As of 31 December 2016		Increase (decrease)	
	Amount (Million Baht)	% of total	Amount (Million Baht)	% of total	Amount (Million Baht)	Change (%)
Total liabilities	532.82	23.39%	940.03	42.00%	407.21	76.43%
Total shareholders' equity	1,744.96	76.61%	1,297.92	58.00%	(447.04)	(25.62%)
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,277.78</b>	<b>100.00%</b>	<b>2,237.95</b>	<b>100.00%</b>	<b>(39.83)</b>	<b>(1.75%)</b>

As of 31 December 2016, the Company had total liabilities of Baht 940.03 million, an increase of Baht 407.21 million from the end of 2015, due to the issuance of debenture of Baht 600 million during 2016 for the purpose of working capital and loan repayment.

Total shareholders' equity was Baht 1,297.92 million, a decrease of Baht 447.04 million from the end of 2015, as resulted from net comprehensive expenses accounted for the year 2016.

## Liquidity Ratio

As of 31 December 2015 and as of 31 December 2016, liquidity ratio were 0.81 times and 2.54 times, respectively. The increment in liquidity ratio due to increase in cash and cash equivalents, decrease in loans from financial institutions, and decrease in loans from non-related parties.

## The Company's capital structure

Capital structure of the Company as of 31 December 2015 and 31 December 2016, the debt-to-equity ratio were 0.31 times and 0.72 times, respectively. In 2016, the Company's debt-to-equity ratio increase due to the issuance of debenture in the amount Baht 600 million during the year 2016.



# Connected Transactions

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## A policy regarding possible future connected transactions

In the case where the Company has connected transactions, the Company policy is to proceed in the same manner as all other businesses which refer to market prices and conditions, in that the Company shall allow the Audit Committee to consider or give its opinions on the necessity and suitability of engaging in the connected transaction. This includes those cases where it is necessary for the Company to have independent values, experts or financial advisers, express their views on aforementioned connected transactions, in order to be able to use this as information on which to base the decisions of the Board or Shareholders, depending on the case. This is to ensure that the connected transactions are aligned with market prices, are suitable and are compatible with normal business activity. Thus, the Company shall disclose information pertaining to connected transactions in the budget report, as compiled by the Company's auditor and the annual report.

In the case where the Company has connected transactions, the Board shall act in accordance with the law related to securities and the Stock Exchange, including decrees, announcements, orders and the regulations of the Stock Exchange of Thailand, i.e. act in accordance with regulations regarding the transparency of information concerning connected transactions and the valuation of assets, where they have been received or sold, where they are assets crucial to the Company and its subsidiaries.

The significant related party transactions have followed the commercial conditions and standards mutually agreed upon by the Company and the persons or those related businesses, which are normal business transactions. Details are as in table below:

## Related party transactions

Significant related party transactions between the Company and its subsidiaries and related person or juristic person for the year ended 31 December 2014, 2015 and 2016, respectively and balance as at 31 December 2014, 2015 and 2016, respectively.

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.75	1.15	0.92	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.51	0.29	0.19	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	0.43	0.69	0.49	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other payables	-	0.64	0.64	It was represented undue amount as at the reporting period.	
<b>Red Planet Hotels Two (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.80	1.67	1.47	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.45	0.40	0.35	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	0.90	0.79	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	Other receivable and amount due from related companies

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels Three (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	1.32	1.04	0.76	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.31	0.24	0.17	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	0.56	0.41	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Red Planet Hotels Four (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	2.69	2.55	2.22	Fee calculated at the rate of 3% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	0.67	0.61	0.53	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	2.06	1.19	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	



Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Red Planet Hotels Five (Thailand) Limited</b> Other investment which held 51% by Evolution Land Co., Ltd.	Debt guarantee services incomes	-	-	2.08	Fee calculated at the rate of 2% per annum from outstanding loan balance. It is reasonable compared to the market.	The Company provided debt guarantee to Red Planet which was followed the normal business transaction in entered into credit facility between an associate and the financial institution.
	Accrued incomes	-	-	0.60	It was recognized as incomes but has not billed yet as at the reporting period	
	Other receivable and amount due from related companies	-	-	1.28	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Red Planet Hotels Limited</b> Other investment which held 11.1% by Evolution Advisor Limited, (2015 : 11.3%)	Interest expense	0.20	0.27	0.27	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	
	Other receivable	5.58	-	-	Representing amount for selling of intellectual properties which was not due as of the end of accounting period	
	Loan and accrued interest	27.79	28.06	28.34	The Company has loan credit facility of Baht 30 million and interest rate at 1% per annum for use in working capital.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Andaman Beach Residences Co., Ltd.</b> Associate company which held 51% by Evolution Land Co., Ltd.	Management incomes	0.47	0.47	0.47	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued incomes	0.04	0.04	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	-	-	0.24	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Phang Nga Hotel Co., Ltd.</b> Associate company which held 51% by Evolution Land Co., Ltd.	Management incomes	0.47	0.47	0.47	Representing accounting and tax services which charged reasonable fee and comparable to the market price.	The Company had capable personnel and able to provide service at the comparable rate to the external service provider.
	Accrued incomes	0.04	0.04	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Amount due from related companies	-	-	0.24	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Q's Dining Inc.</b> Related company which was held 29.3% by the Company (disposed in 2016)	Revenue from sales	5.40	-	-	Selling prices was reasonable with normal course of business.	
	Trade receivable	1.78	1.58	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Fena Property Co., Ltd.</b> Related company with common directors	Rental fee	3.50	3.28	2.88	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	6.85	6.17	5.56		
	Deposit for rental	2.35	2.35	2.35	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other payables	0.11	0.12	0.04	Representing payable for purchase of services was not due at the end of accounting period.	



Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Fico Corporation Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.07	0.04	Selling prices was reasonable with normal course of business.	
	Rental fee	1.66	1.59	2.18	The rental fee and relating expenses was reasonable compared to the market price.	The lease payment for restaurant operation and office which was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	3.01	3.08	0.42		
	Deposit for rental	1.08	1.08	1.08	The deposit for rental was due by Landlord which in line with the normal course of business	
	Other payables	0.27	0.20	-	Representing payable for purchase of services was not due at the end of accounting period.	
<b>B&amp;G Park Co., Ltd.</b> Related company with common directors	Rental fee	0.36	0.18	0.27	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	0.68	0.41	0.54		

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Fenix Thonglor Co., Ltd.</b> Related company with common directors	Rental fee	-	-	0.84	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Deposit for rental	-	-	0.33	The deposit for rental was due by the normal course of business and was comparable to the market price.	
<b>Fenacon Co., Ltd.</b> Related company with common directors	Purchase of leasehold improvement and equipment	16.30	8.27	-	The contract price was reasonable and comparable to the market price.	The payment for renovation area of the restaurant operations and central kitchen was normal business transaction and was reasonable.
	Other payables	3.79	0.30	0.30	Representing payable for purchase of leasehold improvement and equipment which unpaid as at the reporting period.	
<b>Fena Assets Co., Ltd.</b> Related company with common directors	Consulting incomes	-	0.15	-	Service fee rate was reasonable.	
	Revenue from sales	-	0.04	0.05	Selling prices was reasonable with normal course of business.	
	Management fee	2.98	3.62	0.74	Management fee was reasonable and comparable to the market price.	Fena Assets had capable personnel and able to provide service at the comparable rate to the external service provider.
	Rental fee	-	0.36	0.15	The rental fee and relating expenses was reasonable and comparable to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Expenses relating to the rental of restaurant operation	-	0.69	0.26		

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
	Accrued incomes	-	7.10	-	The settlement receivable from EBITDA guarantee of Fenix Iron Fairies pursuant to the Share Sales and Purchase agreement date 14 November 2012.	
	Other payable	0.33	0.11	-	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
<b>Fena Estate Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.35	0.23	Selling prices was reasonable with normal course of business. Selling prices was reasonable	
	Purchase of inventory	1.41	1.09	0.33	The transfer price was reasonable and comparable to the market price.	
	Other receivable	-	0.03	0.10	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Other payables	0.13	0.15	-	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	
<b>Fico Development Co., Ltd.</b> Related company with common directors	Revenue from sales	-	0.17	0.31	Selling prices was reasonable with normal course of business.	
	Purchase of inventory	1.56	0.84	0.73	The transfer price was reasonable and comparable to the market price.	
	Other receivable	-	0.05	0.11	It was represented receivable which unpaid as at the reporting period.	
	Other payables	0.11	0.08	0.11	Representing payable for purchase of services was not due at the end of accounting period.	

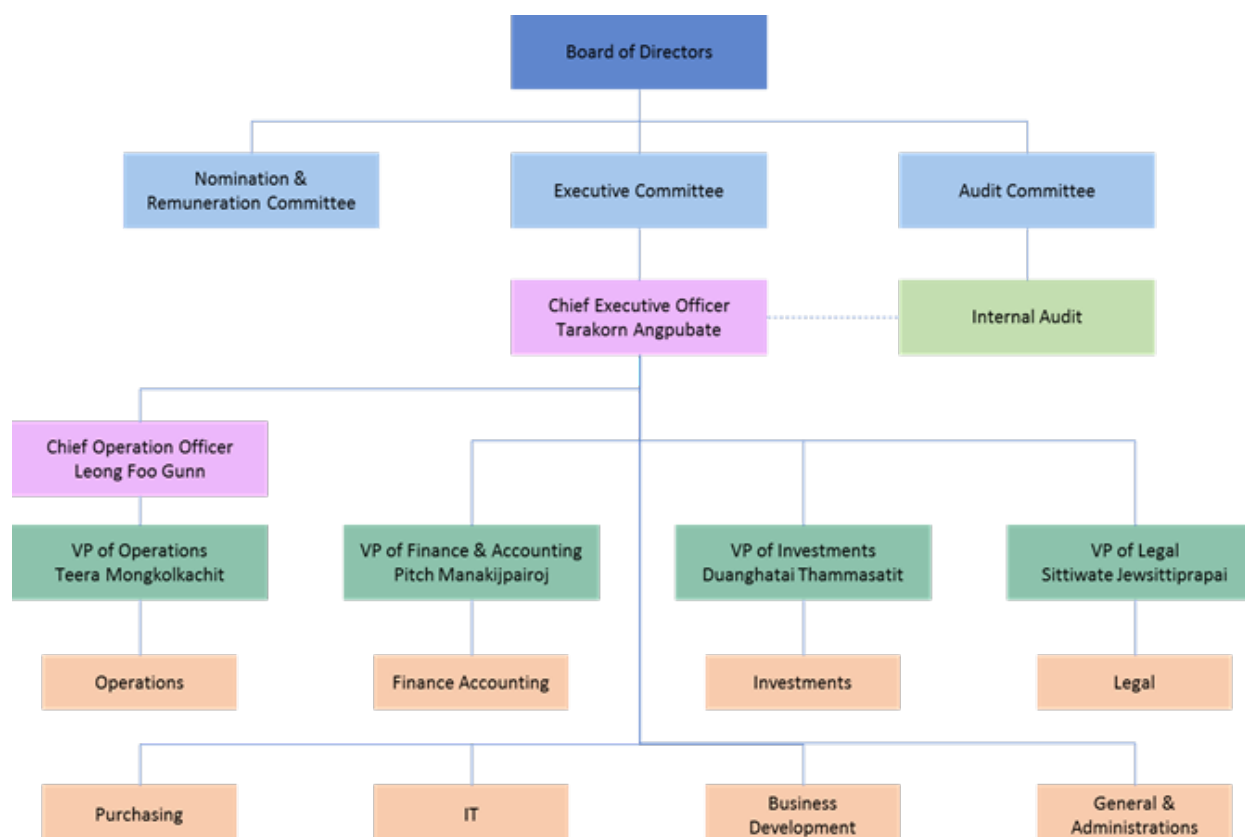


Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
<b>Fico Plus Co., Ltd.</b> Related company with common directors	Rental fee	-	0.13	0.13	The rental fee and relating expenses was reasonable when compared to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
	Rental fee	-	1.01	1.14	The rental fee and relating expenses was reasonable when compared to the market price.	The lease payment for restaurant operation was normal business transaction and was reasonable.
<b>Fico Holding Co., Ltd.</b> Related company with common directors	Expenses relating to the rental of restaurant operation	-	2.15	2.45		
	Other receivable	-	0.04	0.05	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
<b>Fena Land Co., Ltd.</b> Related company with common directors	Expenses relating to the rental of restaurant operation	-	0.23	0.41	Selling prices was reasonable with normal course of business.	
	Other payables	-	0.01	0.04	Representing payable for purchase of services was not due at the end of accounting period which was followed the normal business	

Related person/ juristic person	Transaction	Value (Million Baht)			Conditions of transactions	Necessity and reasonableness
		2014	2015	2016		
Sweetstar Holdings Limited Related company with common Directors (disposed in 2016)	Trade receivable	3.71	-	-	It was represented receivable which unpaid as at the reporting period and in line with normal course of business.	
	Accrued incomes	1.04	-	-	It was recognized as incomes but has not billed yet as at the reporting period	
	Interest expense	-	-	0.60	Interest expense from short-term loan. It is reasonable compared to the market rate.	It was used in working capital which was flexible.
Mr. Krit Srichawla Directors						
Srichawala group Related parties	Loan from related parties	-	122.5	130.00	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 of subsidiaries, such obligation if the Group's share price is at least equal to Baht 2.00 per share where in the next 3 years from the closing date of the transaction through 26 November 2015.  As of 31 December 2015, the Company has contractual obligation to pay a guarantee payment in full amount of Baht 100 million plus	

# Management Structure

## Management Structure as of 31st December 2016



## Board of Directors

Management structure of the company consist of three committees which are the Audit Committee Executive Committee and the Nomination and Remuneration Committee. The details are as follows;



## Board of Directors

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As of December 31, 2016, the Company's Board of Directors consists of 10 members with the following members:

1.	Mr. Akarat Na Ranong	Chairman of the Board of Directors
2.	Mr. Krit Srichawla	Executive Chairman / Director
3.	Mr. Tarakorn Angpubate	Chief Executive Officer / Director
4.	Mr. Akradej Srichawla	Director
5.	Mr. Thosaphol Pengsom	Director
6.	Mr. Witit Sujjapong	Chairman of Audit Committee / Independent Director
7.	Mr. Krish Detter	Audit Committee / Independent Director
8.	Mr. Viroj Tangjetanaporn	Audit Committee / Independent Director
9.	Mr. Sanjay Kumar Singh	Director
10.	Mr. Marut Chalotorn <sup>1</sup>	Independent Director

### Remark

1. Mr. Marut Chalotorn is appointed as Independent Director in place of Mr. Thaweesak Lertprapan who has resigned, effective from November 14, 2016.

The authorized signatories have three members; 1) Mr. Krit Srichawla, 2) Mr. Akradej Srichawla and 3) Mr. Tarakorn Angpubate. Two thirds of authorized Directors of the Company's authorized signatories jointly sign.

## Audit Committee

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The Company has appointed the Audit Committee who has the duty and authority to supervise the business of the Company in accordance with the management structure. The Audit Committee consists of 3 members, all of them are Independent Directors as follows;

1.	Mr. Witit Sujjapong	Chairman of Audit Committee
2.	Mr. Krish Detter	Audit Committee
3.	Mr. Viroj Tangjetanaporn	Audit Committee

Mr. Witit Sujjapong is a director who has knowledge and experience in accounting and finance to review the reliability of the Company's financial statement. He has Bachelor Degree in Economics from Hitosubashi University (Japan), Master Degree in Economics from Hitosubashi University (Japan) and recently he is one of the Audit Committee member for Easy Buy Public Company Limited.

## Executive Director

The Executive Board determines the direction and goals of the Company. Including advice on decisions in areas such as Business Strategy, Investment Policy, and Risk Management for the Board of Directors. The Executive Committee is as follows.

1. Mr. Krit Srichawla Executive Chairman / Director
2. Mr. Tarakorn Angpubate Chief Executive Officer / Director

## Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of three Audit Committees to promote the principles of good corporate governance. They are responsible for setting the criteria and policy for nomination of directors. And sub-committees, as well as recruiting, selecting and nominating appropriate persons to be the Company's directors. It also reviews and determines the remuneration of top executives and the Board of Directors, including stock compensation plan to motivate. The Nomination and Remuneration Committee members are shown as follows;

1. Mr. Witit Sujjapong Chairman of Nomination and Remuneration Committee
2. Mr. Krish Detter Nomination and Remuneration Committee
3. Mr. Viroj Tangjetanaporn Nomination and Remuneration Committee

## Details of attendance of the Board of Directors in 2016 are as follows

Name	Number of attendance / total number of meetings		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
1 Mr. Akarat Na Ranong	7/7	n.a.	n.a.
2 Mr. Krit Srichawla	7/7	n.a.	n.a.
3 Mr. Tarakorn Angpubate	3/3	n.a.	n.a.
4 Mr. Akradej Srichawla	6/7	n.a.	n.a.
5. Mr. Thosaphol Pengsom	3/3	n.a.	n.a.
6. Mr. Witit Sujjapong	7/7	3/3	3/3
7. Mr. Krish Detter	7/7	3/3	3/3
8. Mr. Viroj Tangjetanaporn	7/7	3/3	3/3
9. Mr. Sanjay Kumar Singh <sup>1</sup>	3/7	n.a.	n.a.
10. Mr. Amorn Srichawla <sup>2</sup>	2/3	n.a.	n.a.
11. Mr. Thaweesak Lertprapan <sup>3</sup>	2/2	n.a.	n.a.
12. Mr. Marut Chalotorn <sup>4</sup>	n.a.	n.a.	n.a.

Remark

1. Mr. Sanjay Kumar Singh has resigned from the Board of Directors, effective since February 27, 2017.
2. Mr. Amorn Srichawla has resigned from the Board of Directors, effective since June 24, 2016
3. Mr. Thaweesak Lertprapan has resigned from the Board of Directors, effective since October 20, 2016
4. Mr. Marut Chalotorn is appointed as Independent Director in place of Mr. Thaweesak Lertprapan who has resigned, effective from November 14, 2016.

## Executives

The list of executives as of March 15, 2017 is as follows.

	Name	Position
1	Mr. Tarakorn Angpubate	Chief Executive Officer
2	Mr. Leong Foo Gunn	Chief Operating Officer
3	Mr. Teera Mongkolkajit	VP of Operations
4	Mr. Pitch Manakijpairoj	VP of Finance and Accounting
5	Ms. Duanghatai Thammasatit	VP of Investments
6	Mr. Sittiwate Jewsittipapai	VP of Legal

## Corporate Secretary

The Board of Directors has resolution to appoint Mr. Sittiwate Jewsittipapai as the Corporate Secretary since November 14, 2016 to act as a consultant to advise the directors on the compliance with the law on directors' duties and responsibilities. His duty includes the minutes of the Board of Directors and always attend the Board of Directors' meetings. The qualification of the Company Secretary is shown in Attachment 1.

## Remuneration Package

### Remuneration of Directors in 2016

Remuneration of Directors in 2016 is the amount of 2,264,167 Baht consisting of monthly compensation and meeting remuneration. The details are as follows;

No.	Name	Remuneration of Director		
		Director	Audit Committee	Nomination and Remuneration Committee
1.	Mr. Akarat Na Ranong	387,500	n.a.	n.a.
2.	Mr. Krit Srichawla	75,000	n.a.	n.a.
3.	Mr. Tarakorn Angpubate	-	n.a.	n.a.
4.	Mr. Akradej Srichawla	52,500	n.a.	n.a.
5.	Mr. Thosaphol Pengsom	54,167	n.a.	n.a.
6.	Mr. Witit Sujjapong	127,500	460,000	37,500
7.	Mr. Krish Dettter	127,500	310,000	37,500
8.	Mr. Viroj Tangjetanaporn	127,500	310,000	37,500
9.	Mr. Sanjay Kumar Singh	40,000	n.a.	n.a.
10.	Mr. Amorn Srichawla <sup>2</sup>	-	n.a.	n.a.
11.	Mr. Thaweesak Lertprapan <sup>3</sup>	65,000	n.a.	n.a.
12.	Mr. Marut Chalotorn <sup>4</sup>	15,000	n.a.	n.a.
<b>Total</b>		<b>1,071,667</b>	<b>1,080,000</b>	<b>112,500</b>



## Details of Executive Remuneration

In 2016, the Company paid management remuneration as follows;

Unit: Baht

Type of Remuneration	Headcount	Amount
Salary	6	10,935,400
Other benefits such as social security, provident fund, Health insurance		2,059,244
<b>Total</b>	<b>6</b>	<b>12,994,644</b>

## Employee

As of December 31, 2016, the Company and its subsidiaries employed a total of 862 people, excluding management executives 6 people. The details are as follows;

Department	Headcount
Operations	755
Commissary and Warehouse	34
Finance and Accounting	23
Investments	2
Legal	1
Human Resource	8
Purchasing	7
Marketing	10
Information Technology	5
Business Development	10
General and Administrative	7
<b>Total</b>	<b>862</b>

### Details of the Company's employee remuneration in 2016 are as follows:

Unit: Baht		
Type of Remuneration	Headcount	Amount
Salary	862	157,545,169
Other benefits such as social security, provident fund, Health insurance		35,483,581
<b>Total</b>	<b>862</b>	<b>193,028,750</b>

## Human Resources Development Policy

Promoting Learning and Self-Development: Employees are encouraged to grow with the Company. The Company seeks to encourage employees to continually develop their skills in order to grow their jobs which is extremely important. The company provides in-house training for executive level employees at the merchant level to develop leadership skills, such as interviews to get the most out of your position. In addition, the Company encourages the development of staff at the operational level in accordance with the standards of the franchise brand.

# Management and Corporate Governance

## Securities and Shareholders

### Registered and Paid Up Capital

As of December 31, 2016, the Company's registered capital is Baht 2,887,153,921 consisting of 2,887,153,921 ordinary shares with a par value of Baht 1 per share and the Company's paid up capital is Baht 1,959,306,678 consisting of 1,959,306,678 ordinary shares with a par value of Baht 1 per share.

### Shareholders

The top ten majority shareholder as of March 17, 2017 were as follows:

	Name	Number of Share (Shares)	The proportion of shareholding
1	Shichawla Group	565,182,466	28.90%
1.1	Mr. Krit Srichawla	141,102,000	7.20%
1.2	Mr. Theprit Srichawla	108,814,533	5.55%
1.3	Mr. Akradej Srichawla	107,601,200	5.49%
1.4	Mr. Amorn Srichawla	106,481,200	5.44%
1.5	Fico Corporation Co.,Ltd	102,183,533	5.22%
2	Mr. Pichai Wijuckhapan	93,199,516	4.76%
3	EFG BANK AG	82,829,263	4.23%
4	HOLLY GROVE II LLC	80,000,000	4.08%
5	Mr. Tarakorn Angpubate	59,500,000	3.04%
6	Thai NVDR Co.,Ltd	47,487,336	2.42%
7	MORGAN STANLEY & CO. INTERNATIONAL PLC	42,866,600	2.19%
8	Mr. Pin Thammarat	38,881,400	1.98%
9	Mr. Na-Chanok Ratnadaros	37,500,000	1.91%
10	Mr. Sanpan Sinchaowala	32,000,000	1.63%

Source: Thailand Securities Depository Co.,Ltd



Remark:

1. Mr. Krit Srichawla Mr. Theprit Srichawla Mr. Akradej Srichawla Mr. Amorn Srichawla and Fico Corporation Co., are acting in concert under the Notification “the nature of a relationship or behaviour and requirements under section 246 and section 247”.
2. Fico Corporation Co., Ltd operates the lease of office building, utilities service of office building and parking service. The Fico’s major shareholders are Mr. Krit Srichawla Mr. Theprit Srichawla Mr. Akradej Srichawla and Mr. Amorn Srichawla hold share in total of 340,000 shares or equal to 85% of registered and paid-up capital

## Other Securities

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### Warrants on ordinary shares of the Company

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#### Warrants on the ordinary shares to the existing shareholders No.1 (FC-W1)

Term of Warrants (year)	10 years
Issue Date	December 23, 2010
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1.065 ordinary share
Exercise Price	Baht 1.408 per share
Offering Unit	347,000,000 units
Number of new ordinary share reserved	347,000,000 shares
Number of exercised warrants as of December 31, 2016	-0- units
Number of unexercised warrants as of December 31, 2016	347,000,000 units
Number of remaining shares reserved as of December 31, 2016	391,293,529 shares

#### Warrants on the ordinary shares to the existing shareholders No.2 (FC-W2)

Term of Warrants (year)	10 years
Issue Date	February 5, 2013
Expiration Date	December 22, 2020
Conversion Ratio	1 unit of warrant per 1 ordinary share
Exercise Price	Baht 2 per share
Offering Unit	261,750,000 units
Number of new ordinary share reserved	261,750,000 shares
Number of exercised warrants as of December 31, 2016	-0- units
Number of unexercised warrants as of December 31, 2016	261,750,000 units
Number of remaining shares reserved as of December 31, 2016	227,147,059 shares

## DEBENTURES OF FOOD CAPITALS PUBLIC COMPANY LIMITED No. 1/2559 Due 2018

Type of debenture	: Name-Registered Certificate, Unsubordinated and Unsecured Debentures without a Debentureholders' Representative
Term of debenture	: 1 year 9 months from the issue date
Offering amount	: Baht 600,000,000
Offering unit	: 600,000 units
Par value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issue Date	: August 11, 2016
Redemption Date	: May 11, 2018
Interest Rate	: Fixed Interest Rate 6% per annum
Interest Payment Date	: Quarterly Interest Payment on August 11, November 11, February 11 and May 11 of year and the first interest payment is November 11, 2016
Financial Ratio condition	: Debt to Equity ratio is not exceeding 2.5:1
Debenture registrar	: Bank of Ayudhya Pcl.
Debenture Holders' Representative	: - n.a. -
Secondary Market	: The Thai Bond Market Association

## Dividend Payment Policy

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The Company has not made dividend payments in the past 3 years as it has accumulated losses.

Pursuant to the Company's Article of Association, dividend shall be paid at a rate of not less than 50 percent of the net profit after deduction of tax and statutory reserves required by applicable laws and regulations; provided that the Company would still have adequate cash for on-going operation and working capital purposes. The Company's dividend policy is subject to change from time to time as approved by Shareholders in a General Shareholders Meeting.

# Corporate Governance

## Corporate Governance Policy

In recognition of the importance of good corporate governance, the Board of Directors agree to establish standards of business administration in order to achieve efficient and transparent operations, increase competitiveness and provide fair treatment and confidentiality to all stakeholders. In 2004, the Company appointed an Audit Committee to provide advice and scrutinise the Company's good governance policy. The policy should establish the rights and equality of shareholders and stakeholders, the definition of the structure, responsibilities, duties, accountability and independence of the committee, accurate and regular disclosure of information to the public, risk control and management, and ethical business administration.

The Company has complied with the principles of good corporate governance for listed companies, as follows:

## Rights of Shareholders

The Company recognises the rights of all shareholders and demonstrates its respect for shareholders' rights by encouraging them to exercise their basic rights after stock trading and the right to receive dividends. These rights include:

- Secure method of ownership registration
- Convey and transfer shares
- Obtain relevant and material information on timely and regular basis
- Participate and vote in general shareholder meetings
- Assign a proxy to vote on their behalf in meetings
- Be informed of the rules that govern shareholder meetings
- Give opinions and ask questions in shareholder meetings
- Vote to elect or remove Directors
- Vote to appoint independent auditors and set annual audit fees
- Share the profits of the Company
- Participate in and be informed regarding major decisions concerning fundamental corporate changes

## Equitable Treatment of Shareholders

- The Board of Directors values the importance of shareholders' meetings and shall facilitate all shareholders to attend the meetings, gain access to information, and exercise voting rights at these meetings in an equitable manner.
- The Board of Directors shall present important matters to shareholders so that they can participate in the decision-making while ensuring that shareholders receive full, adequate and timely information for decision-making purposes. In addition, it shall support and facilitate appropriate voting procedures including voting by proxy.

The Company has adopted measures to prevent misuse of inside information by the Board and management, abusive self-dealing, insider trading or disclosure of inside information to those related to the Board and management, which might cause damages to shareholders as a whole.



## Role of Stakeholders

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The Company recognises the importance of the rights of all stakeholders, including shareholders, management, employees, customers, suppliers, the community, society, and relevant government and private agencies. Recognising the need for stakeholders' support, which strengthens competitiveness and business operations in the long term, the Company operates in accordance with relevant rules and regulations, to ensure that the rights of all stakeholders are upheld.

### **Shareholders:**

The Company aims to represent the best interests of its shareholders in all its business operations and accurately disclose information to them.

### **Management and Employees:**

The Company shall treat all managers and employees equally and fairly. Management and employees have the right to receive remuneration and benefits in accordance with their position, duties, and performance.

### **Customers:**

The Company shall devote itself to its customers, be responsible to them, offer quality service, respect their confidentiality and assign personnel to deal with their complaints and inquiries as effectively as possible.

### **Suppliers and Creditors:**

The Company shall buy products and services from suppliers in accordance with trade regulations, including agreeing to act in accordance with supply contracts. With respect to borrowing of money, the Company will act in accordance with the terms of the contract or agreement.

### **Competitors:**

The Company will act in accordance with a good regulatory framework, avoiding unethical or underhanded means to eliminate competition.

### **Community and Society:**

The Company shall act responsibly with respect to the community and society, in that the Company's products shall not have negative effects on society and shall create a good image for the Company.

## Disclosure and Transparency

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The Company gives a high priority to the disclosure of the Company's financial reports, and operational information and is committed to their accuracy, completeness, transparency, quality and the timely release of these reports to investors and the public through the Stock Exchange of Thailand and the Company's website [www.foodcapitals.com](http://www.foodcapitals.com). In addition, the Legal Department is responsible for information disclosure to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") to ensure the Company's compliance with the laws and regulations.

## Responsibilities of the Board of Directors

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### **Leadership and Vision**

Based on the values of integrity, morality, and business ethics; the Board of Directors shall determine the Company's vision, policy and business direction, annually review and approve strategies, policies, financial and operating objectives, follow up on the management's implementation of the operating plan, provide appropriate internal control, internal audit, and risk management. They shall also ensure that the management team performs its duties according to the objectives and guidelines, thereby delivering maximum benefits to shareholders.

## The Board of Directors' Responsibilities

- To perform its duties in compliance with the law, the Company's objectives and Articles of Association, including resolutions of the shareholders' meetings, with honesty, integrity and prudence while protecting the Company's interest.
- To set up vision, policies and the direction of the Company's business operations and monitor the implementation of the Company policies by management to ensure efficiency, effectiveness and maximum value to the Company and its shareholders.
- To evaluate performance and determine remuneration for the Company's management.
- To consider and approve material issues as stipulated by law.
- To establish reliable systems of accounting, financial reporting and auditing. This includes evaluating procedures in internal control assessment and follow-up processes, and ensuring the efficiency and effectiveness of internal audits, risk management, and financial reports.
- To ensure that no conflicts of interest occur among stakeholders.
- To monitor business operations with the aim of ensuring ethical work standards.

## Shareholders' Meeting

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### Distribution of meeting notices

Ahead of each Shareholder meeting, the Company sends out invitation letters which state the agenda of the meeting and information relating to each agenda item, both in Thai and English. The letter reaches shareholders seven working days prior to the meeting. The Company advertises the date of the meeting in the press for at least three consecutive days, at least three days prior to the meeting.

### Assigning a proxy to vote on their behalf in the meeting

Shareholders can exercise their rights to vote either in person or in absentia with equal rights. By completing a proxy form and including the notice of the meeting, Independent Directors grant permission to a shareholder to use him as their proxy.

### Meeting attendance and registration

To attend the shareholders' meeting, shareholders must present documents to verify their identity, such as an identification card or passport. A proxy must provide evidence such as the completed proxy form along with a copy of an identification card or the passport of the shareholder. Where a proxy is assigned by a juridical person, he/she must bring proxy evidence, such as the proxy form, along with a certified copy of business registration certificate. Shareholders presenting an identification card can pre-register two hours prior to the AGM. The Company organises a systematic and effective registration process to facilitate the shareholders attending the meeting.

### Board of Directors attendance at shareholder meetings

The Company recognises the importance of shareholders' meetings. Therefore the meeting is attended by the Board of Directors. Moreover, the Chief Executive Officer, Chairman of each Board Committee and the external auditor or a representative also attend

the meetings to listen to opinions and answer questions raised by shareholders.

## **Shareholders' opportunities to ask questions and give opinion, resolution and records of meetings**

The Company facilitates equitable rights among shareholders at meetings by declaring clear voting procedures and counting methods to all shareholders present before the meeting begins. During the meeting, shareholders have equal opportunities and are allowed sufficient time to address issues relevant to every agenda with the Board. The Chairman of the meeting gives shareholders the opportunity to fully examine the operations of the business, ask questions and make inquiries, express their views, and make

various recommendations. The Company has a policy to encourage all committee members to attend the shareholders meeting, particularly the Chairman of the Board and the Chairman of the Audit Committee, so that they may respond to inquiries and express their own views at the Shareholders' Meeting, with respect to important questions and opinions. These are recorded as a part of a report of the meeting, which is then made available for the scrutiny of shareholders unable to attend the meeting. The Company will facilitate voting by proxy. The voting and counting of votes will be carried out in an efficient and trans-

parent manner. One vote is counted per share and a resolution is carried by the majority vote. Voting tickets will be used where shareholders wish to make objection votes or abstention votes and will be kept for later inspection. The Company will record the resolutions of the meeting by classifying votes into approval votes, objection votes, and abstention votes for each agenda in writing and will also record in detail the questions, answers, and opinions made during the meeting. Resolution with voting results will be recorded in the minutes of shareholders' meeting.

The results of the meeting are released by the Stock Exchange of Thailand on the following working day. Within 14 days, the Company then sends to the Stock Exchange of Thailand the complete minutes of the meeting containing names of Board Members/Executives in attendance, numbers/proportions of shareholders who attended resolutions, important issues and questions and answers.

## **Conflicts of Interest**

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To prevent issues regarding conflicts of interest, the Company appoints the Audit Committee to participate in reviewing the disclosure of connected transactions. In any Board of Directors' meeting, if there is any connected transaction in which conflict of interest is observed, individual Directors who may be involved in such conflict refrain from voting. Only non-involved Directors and Audit Committee members are eligible to carefully review such connected transactions in the best interests of the Company. However, in the case that such connected transactions need be handled in compliance with regulations, announcements or any rules of the Stock Exchange of Thailand, enforcement shall be strictly applied

## **Business Ethics**

---

The Board of Directors of the Company acknowledge their roles, duties and accountability, to ensure efficient, clear, transparent operations, in accordance with relevant laws and the regulations of the Company, as well as resolutions of any Shareholders' Meeting. The principles, policies, morals and ethics of good corporate governance are issued to the Board of Directors as guidelines in carrying out their duties with honesty, morality, accountability, loyalty and integrity, in the best interests of the Company and shareholders.

The Company establishes principles regarding business ethics for the Board of Directors and the Audit Committee.



## Balance of power for Non-Executive Directors

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The Board of Directors of the Company currently comprises 10 Directors; three Executive Directors and seven Non-Executive Directors. The Audit Committee comprises three Independent Directors who account for one-third of the entire Board. The balance between Executive and Non-Executive Directors is appropriate and ensures that the Directors represent the best interests of shareholders, as Non-Executive Directors make up two-thirds of the entire Board. The Audit Committee shall be considered as representatives of minority shareholders and have the duty of ensuring the accuracy and transparency of the Company's operations.

## Aggregation or Segregation of Positions

---

The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer. The authority of the Chairman of the Board of Directors shall be separated from that of the Chief Executive Officer to ensure a clear distinction between supervisory, policy-making duties and day-to-day business administration. The Company clearly defines the responsibility and authorisation of the Board of Directors and the Audit Committee to ensure transparent operations, a balance of power, and appropriate performance reviews. However, significant agenda items must be approved by the Board of Directors' meeting or Shareholders' Meeting. Authorisation granted to the Board of Directors, the Audit Committee and the Chief Executive Director, does not give power to any of them to approve any connected transaction involving themselves or their representatives, which may cause a conflict of interest with the Company.

In addition, during Board meetings, each member is free to express his views. Members' views are documented in detail in meeting reports.

## Remuneration of the Board of Directors and Management

---

The Company clearly and transparently specifies the remuneration of Directors to be comparable to the rest of the industry and appropriate to their duties. Remuneration is approved at the Shareholders' Meeting and is in compliance with pre-defined policies and principles set by the Directors and therefore ties the Company's operating results to the Directors' performance.

The Company specifies the remuneration of Directors and management in accordance with regulations set by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Meetings of the Board of Directors

---

Board of Directors' meetings for the Company are held no less than once every quarter. Additional meetings may be called to discuss special agenda items. Directors must attend, except in case of an emergency. An invitation, along with the meeting agenda and relevant documents, are sent out to each Director at least seven days before the meeting to allow adequate time to study the information. In every meeting, each Director can openly and freely express his opinion. The minutes of each meeting are properly documented and after approval from the Board, filed for auditing purposes.

## Sub-Committees

### Audit Committee

The Audit Committee was appointed to supervise the Company's business, including its composition, scope of authority and the responsibilities of each committee member, and management structure. The Audit Committee comprises three non-executive Independent Directors as follows:

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. Mr. Witit Sujjapong      | Chairman of Audit Committee |
| 2. Mr. Krish Detter         | Audit Committee Member      |
| 3. Mr. Viroj Tangjetanaporn | Audit Committee Member      |

The Committee is required to call meetings no less than once every quarter. A special meeting may be requested to discuss urgent agenda items. It is the duty of the Audit Committee to independently review the Company's financial reports, internal control and audit, operations, selection and appoint the Company's external auditor, disclose connected transactions or items concerning conflict of interest. Such an auditing process is aimed at strengthening the efficiency of control and supervision, in compliance with the policy of the Market for Alternative Investment ("mai").

The Audit Committee Members/Independent Directors must possess the qualifications set out by the Capital Market Supervisory, as follows:

1. Holds shares not exceeding 1 percent of the total shares with voting right of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such Independent Director shall be included.
2. Is not or has never been an Executive Director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years.
3. Is not the person who has relationships by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters and children, of Management, major shareholders, controlling party or the person who is in the process of nomination to be Management or controlling party of the Company or its subsidiary.
4. Have no or has never had business relationships with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company in respect of holding power which may prove to be an obstacle in independent decision-making, including not being or never having been the significant shareholder or controlling parties of any person having business relationship with the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company unless the foregoing status ended at least 2 years.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of renter lease the immovable property, transaction related to assets or services or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt and any otherwise similar performance which causes liability or obligation to the Company or counter party, have provided that such liability is equal to or exceed 3 percent of the net tangible assets of the Company or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction mutatis mutandis. The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included in calculation of such liabilities.

5. Is not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders or controlling parties of the Company and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates,

major shareholders, or controlling parties of the Company unless the foregoing status ended at least 2 years

6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties and is not the significant shareholder, controlling parties or partner of the above mentioned service firms unless the foregoing status ended at least 2 years.

7. Is not the director who is nominated to be the representative of directors of the Company, major shareholders or any other shareholder related to major shareholders.

8. Does not operate the same and competitive business with the business of the Company or its subsidiaries is neither a significant partner of the partnership, is nor an executive director, employee, staff, advisor who receives salary, does not hold more than 1 percent of the total shares with voting right of any other company which operates same and competitive business with the business of the Company or its subsidiaries.

9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the Company.

## Executive Committee

The Executive Committee was appointed to provide organizational direction and advise the Board of Directors on decisions and business matters ranging from strategy planning, policy, investment and risk. The Executive Committee comprises 2 members as follows

- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Mr. Krit Srichawla     | Chairman of Executive Committee |
| 2. Mr. Tarakorn Angpubate | Chief Executive Officer         |

## Nomination and Remuneration Committee

Nomination and Remuneration Committee comprising the three Audit Committee Members, was appointed to consider and determine the criterias and policy to nominate senior Management and the Board of Directors' compensation, including the consideration of any share incentive programmes. The Nomination and Remuneration Committee comprises 3 members as follows:

- |                             |   |
|-----------------------------|---|
| 1. Mr. Witit Sujjapong      | Chairman of Nomination and Remuneration Committee |
| 2. Mr. Krish Detter         | Nomination and Remuneration Committee Member      |
| 3. Mr. Viroj Tangjetanaporn | Nomination and Remuneration Committee Member      |

## Reports of the Audit Committee

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The Audit Committee supervises significant business transactions, good governance, financial statements and financial information contained in the annual report. Such financial statements and reports must be prepared in accordance with generally acceptable accounting policies and standards. In addition, proper discretion, optimum evaluation and sufficient disclosure of important information must also be incorporated in the financial notes.

The Audit Committee establishes efficient and effective internal control to ensure financial information is recorded accurately, completely, sufficiently and in a timely manner, while it facilitates fault finding and prevents corruption.



## Investor Relations

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The Company recognises the importance of accurate, complete, transparent and thorough disclosure of information. Operating results and organisational information must be regularly released to investors, shareholders, and stakeholders to ensure they can make accurate decisions. Financial reports, operational guidelines and other information are released to investors and the public through the Stock Exchange of Thailand and the Company's website at [www.foodcapitals.com](http://www.foodcapitals.com)

## Inside Information Handling

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The Company enforces strict policies regarding the use of inside information as follows:

1. Inside information shall be disclosed only to relevant persons, who shall handle it properly. Disclosure of such information shall be made by authorised persons only.
2. Directors and Management must be aware of the scope of responsibility and accountability in handling inside information, without revealing such information for personal benefit or share trading.
3. The Company's Directors and management must prepare a report on the securities holdings of the Directors and/or Management, spouses and minor children and persons related to the Directors and/or Management, in accordance with the Securities and Exchange Act.
4. The Company establishes degrees of punishment for different levels and intention concerning information mishandling, ranging from written warnings, salary deductions, unpaid employment, suspension, to termination of employment.

## Human Resources Development Policy

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The Company's human resource development policy emphasises the enhancement of staff quality through continual in-house training in a number of areas, as appropriate to the work functions of the staff from each division. This is to ensure that the Company's staff continually enhances its knowledge and understanding of techniques, technology and work-related skills. In addition, the Company sends personnel with suitable potential to attend external training seminars run by field experts, in order to enhance and deepen their knowledge in various specialist areas, such as technology, thus helping them to work more effectively.

# CORPORATE SOCIAL RESPONSIBILITY POLICY

Business expansion, while giving back to society, the environment, and all stakeholders has been increasingly important to the sustainable growth of the Company. In 2016, the Company and its subsidiaries conducted the following Corporate Social Responsibilities as below.

## Environment Conservation

The Company promotes an environmental-friendly business conduct as interpreted into the reduction of waste, energy-saving programs both at the store level of all of its brands as well as the corporate level. The Company uses LED light bulbs at the stores. It also advocates the avoidance of plastic bags and the use of environmental-friendly packaging in its Kyochon stores and The Coffee Bean & Tea leaf. Besides, it also promotes the use of on-line applications which helps reduce the use of papers.

## Anti-corruption Policy

Anti-corruption has been an increasing focus in the business environment around the world. Operating as a franchisee of globally and regionally renowned restaurant brands, the Company has adopted best practices in promoting awareness of corruption within the group of Companies. The Company has also set internal policies to correspond to Thai and international anti-corruption policies and practices.

## Responsibility for Consumer

Operating in a consumer service sector, the responsibility towards consumers has been of utmost importance to the Company. Attaining and even exceeding superior standards in terms of the quality of products, services, hygiene, and safety as required by the Company's franchisors has been an emphasis of the Company from the policy level to the daily operational level. For example, the Company strictly control the temperature of the freezer to maintain the freshness of raw material while monitoring the temperature in the hall and kitchen area for energy saving as well. Also, hygiene was done at utmost level with a very careful selection of only health-safety products for consumers and environment. Besides, the Company has set and welcomed all comments and complains on the quality of products and services via website, mobile application, facebook, call center, and feedback book, etc.

## Responsibility for Employees

The key asset of the Company is its employees. The Company has continuously helped employees enhance their operational skills, maintain a balance between company and social responsibility goals, while also maintaining a work-life balance. The Company has set suitable working hours to allow its staff to spend time after work with their families.

## Activities for Society

In 2015, the Company cooperated with The Vocational Education Commission for the Dual Vocational Education program. With this program, we aimed to provide an opportunity for students to learn the working life experience which should be beneficial for their future career. Additionally, the students also earned income from their work.



## Responsibility for Stakeholders

The Company strives to grow and enhance its business relationship with its franchisors, joint-venture partners, shareholders, landlords, suppliers, third-party service providers, as well as the various regulators with which it interacts daily. As such, the Company seeks to not only comply with all guidelines, policies, agreements, by-laws, and laws governing its operations, but also to develop an enriched business association with its various stakeholders through the fostering of mutual trust and respect.

# Internal Control and Risk Management

## Internal Control and Internal Audit

The Company recognises the importance of internal control at managerial and operational levels in order to originate the efficiency and effectiveness in the operation, and clearly designate the scope of the responsibilities and authorisation of Management and employees in written documents. In addition, policies to optimise the usage of the Company's assets, segregate responsibilities among operating staff, supervising staff, and appraise performance, are also implemented to ensure a proper balance of power, prevention and reduction of errors, losses, and fraud, trustworthiness of financial statement and business operation including compliance with the laws, regulations, and relevant procedures, and encourage to originate the internal control appropriately and effectively.

### Internal control

It is the responsibility of the Board and the Audit Committee to ensure an internal control system which is effective and facilitates the management of risk at acceptable levels. Furthermore, the Audit Committee shall regularly monitor and assess the efficiency of internal control system in the following core components: the control environment, risk assessment, control activities, information and communication systems, and monitoring and evaluation processes. The internal control system is an important mechanism that assists management in the reduction of business risks, the efficiency of business operations through proper procurement of resources and attainment of goals, the protection of Company assets from losses and corruption, the accountability of financial reporting, the compliance of all personnel with laws and regulations and the protection of shareholders' capital, including to prevent the conflict of interest, the related transactions, the safeguard and usage of the assets of the Company in order to prevent the fraud or misconduct.

### Internal audit

In July 2016, the Audit Committee, on behalf of the Company, has appointed Mr.Nattapol Sanmunkongkul as the Internal Auditor to perform the Internal Audit function for the Company. After the Audit Committee has considered the internal auditor's qualifications, the Audit Committee give an opinion that her qualification is properly qualified for being the internal auditor for the Company. With these qualifications and capabilities, he is able to independently audit the various departments within the Company according to the internal control assessment guidelines determined by the Securities and Exchange Commission by report directly to the Audit Committee and also report to Chief Financial Officer.

The duty of the Internal Audit Department who is independent in performing auditing work, evaluating performance and adequacy of the internal control system, the Risk Management system and the Cor-

porate Governance system in the performances of all units in the companies and its affiliates. They adopts the framework of COSO (The Committee of Sponsoring Organizations of the Tread way Commission) and Enterprise Risk Management, and monitoring regulations in compliance with the Stock Exchange of Thailand (SET), and Thai Institute of Directors (IOD) to be used to fulfil internal control, and follows the action plan approved by the Audit Committee using a risk-based approach and includes consultation to ensure that the Company's objectives are achieved as targeted. Internal Audit Department also regularly monitors and adjusts these implemented systems to be in line with changes in the environment and to ensure that errors can be corrected in time. In assessing the effectiveness of Risk Management, the Internal Audit Department reviews event identification and risk factors that affect the Company's objectives and then reviews the Risk Management approach. This ensures the accuracy of



both event identification and risk factors and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appropriate level, reported in a timely manner to all relevant personnel and reviewed continuously. In assessing the effectiveness of Internal Control, the Internal Audit Department has developed a questionnaire for each process and reviews the outcome of each operation to ensure that the Company's objectives are achieved effectively and efficiently, that rules and regulations are strictly followed, and that the financial report is reliable. In assessing the effectiveness of corporate governance, the Internal Audit Department performs audits following the good corporate governance criteria of the Securities Exchange Commission ("SEC"). This ensures that the Company has the necessary infrastructure and supporting processes to approach good corporate governance and achieve fairness for all stakeholders.

The Internal Auditor acts as a secretary to the Audit Committee to enhance the efficacy of its responsibility and accountability for all functions of the Audit Committee, as assigned by the Board of Directors and arrange Audit Committee meetings regularly. The Internal Auditor has the additional role of advising management in the area of information security and supporting employees to realise the importance of information security.

The Internal Audit Department adheres to the Standards for the Professional Practice of Internal Auditing and the Company continuously encourages its Internal Audit staff to work independently and objectively, comply with relevant standards and emphasize quality and continuous development through training programs.

## **Risk management**

The Company has established a risk management system, whereby the Company has designated that managers at all levels must assess various risks that may arise in the business operations of the Company in both external and internal factors covering all aspect of the risks, and include them in a regular report to the Chief Executive Officer, in order that he/she may analyse, summarise and report the monthly operating results to the Board. Furthermore, there is the revision for the risk factors which are changing from external and internal source that may impact towards the organization by annually.

# Assets and Material Agreements

## Assets

As of 31 December 2016, the Company and its subsidiaries Fixed Assets are as follows:

(Unit: Million Baht)

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
1	Land (Including cost of Construction in Progress)	Samui District, Surat Thani	-	338.67	Casa Fico Co.,Ltd (Subsidiary Company)	-	-	Owner
2	Land (Property for Investment)	Samui District, Surat Thani	-	59.40	the Company	-	-	Owner
3	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 22 years	84.10	Fena Park Co.,Ltd (Subsidiary Company)	-	-	Owner under leasehold agreement
4	Leasehold	Samui District, Surat Thani	30-year leasehold agreement with remaining 22 years	55.37	the Company	-	-	Owner under leasehold agreement
5	Office Equipment	Head Office	-	28.86	the Company and its subsidiaries	-	-	Owner
6	Vehicle	-	Leasing Agreement with remaining 56 months	6.48	the Company and Domino's (Thailand) Co.,Ltd (Subsidiary Company)	6.24	5.64	Vehicle under Leasing Agreement
7	Leasehold Improvement	Head Office at Metropolis Building on Sukhumvit Road	3 – 10 year Lease Agreement with the extension	211.16	the Company and its subsidiaries	-	-	Owner

No.	Description	Location	The significant of agreement	Net Book Value	Owner	Loan Facility	Remaining Loan	Property Right
		and restaurant in Bangkok, Thailand in total of 56 branches and 3 branches in Chonburi and 6 branches in Cambodia	right of 3 – 10 years					
8	Furniture and Fixtures	Head Office at Metropolis Building on Sukhumvit Road and restaurant in Bangkok, Thailand in total of 56 branches and 3 branches in Chonburi and 6 branches in Cambodia	-	93.66	the Company and its subsidiaries	-	-	Owner
9	Construction in Progress	One Restaurant in Bangkok	-	1.44	the Company	-	-	Owner
<b>Total</b>				<b>879.14</b>				

## Material Agreement of the Company

### Material Agreements of the Company

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1) Shareholders Agreement for investment in Red Planet Hotels Limited.

Through its subsidiary, Evolution Advisors Limited, the Company entered into a shareholder agreement for investment in Red Planet Hotels Limited (incorporated and registered under the laws of Cayman Islands) in May 2010. Currently, the Company has a 11.1 percent equity interest in Red Planet Hotels Limited.

## Material Agreements of the Company's Subsidiaries

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### Casa Fico Company Limited and Fena Park Company Limited

Casa Fico and Fena Park have entered into various agreements in relation to design development as well as hotel and residential management for a project in Koh Samui, Suratthani Province, with the Marriott group in August 2009. All agreements remain valid in full force and effect.

### Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited")

Domino's (Thailand) Company Limited (Change from "Fenix Pizza Company Limited") has entered into the Master Franchise Agreement with Domino's Pizza International Franchise Inc. (franchisor) in May 2012, to obtain an exclusive right to operate and develop a pizza restaurant chain under the brand "Domino's Pizza" in Thailand. The Agreement remains valid in full force and effect.

### CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited")

CBTL (Thailand) Company Limited (Change from "Fico Coffee Company Limited") has entered into the Area Development Agreement with CBTL Franchising LLC (franchisor) in July 2011, to obtain an exclusive right to operate and develop a coffee shop chain under the brand "The Coffee Bean & Tea Leaf" in Thailand. The Agreement remains valid in full force and effect.

### Kyochon Company Limited

Kyochon Company Limited, is a joint-venture company between the Company with a 95 percent equity interest and Kyochon F&B Company Limited has entered into the Master Franchise Agreement with Kyochon F&B Company Limited (franchisor) in October 2013, to obtain an exclusive right to operate and develop a fried chicken restaurant chain under the brand "Kyochon" in Thailand, Myanmar, Laos, and Cambodia.

### D. Pizza Public Company Limited

D. Pizza Public Company Limited, is a joint-venture company registered under Cambodian law between the Company with a 65 percent equity interest and CBM Corporation Company Limited has entered into the Master Franchise Agreement with Domino's Pizza International Franchise Inc. (franchisor) in December 2014, to obtain an exclusive right to operate and develop a pizza restaurant chain under the brand "Domino's Pizza" in Cambodia. The Agreement remains valid in full force and effect.

### Kyochon (Cambodia) Company Limited

Kyochon (Cambodia) Company Limited, is a joint-venture company registered under Cambodian law between the Company with a 65 percent equity interest and CBM Corporation Company Limited has entered into the Sub-franchise Agreement with Kyochon Co., Ltd. in October 2015, to obtain an exclusive right to operate and develop a restaurant chain under the brand "Kyochon Chicken" in Cambodia. The Agreement remains valid in full force and effect.



## Remuneration of Auditors

Section 120 of the Public Companies Act requires that, every year, the Annual General Meeting of Shareholders appoints the Company's auditors and determines their remuneration. The existing auditors may be reappointed.

Section 120 of the Public Companies Act requires that, every year, the Annual General Meeting of Shareholders appoints the Company's auditors and determines their remuneration. The existing auditors may be reappointed.

In addition, the notification of the Securities and Exchange Commission no. Kor Jor. 39/2548 regarding rules, criteria and procedures for disclosure of financial status and operating results of securities issuing companies (item no. 20) requires that such companies ensure the rotation of their auditors if such auditors have performed their duties for 5 consecutive accounting years. However the Company is not required to engage a new audit firm, which means the Company, may appoint any other auditor in the existing audit firm to replace the existing auditors.

The 2016 Annual General Meeting of Shareholders approved the appointment of Mr. Khitsada Lerdwana, Certified Public Accountant (Thailand) No. 4958 and/or Mrs. Poonnard Paocharoen, Certified Public Accountant (Thailand) No. 5238 and/or Ms. Thipawan Nananuwat, Certified Public Accountant (Thailand) No. 3459 of EY Office Limited as the auditors of the Company. Any one of them is authorised to conduct the audit and render an opinion on the financial statements of the Company.

(Thai Baht)

Company	Audit Fee	Other audit fees	Total
Food Capitals Public Company Limited	2,250,000	-	2,250,000
Subsidiaries	2,870,000	-	2,870,000
<b>Total</b>	<b>5,120,000</b>	<b>-</b>	<b>5,120,000</b>

## Legal Dispute

As of December 31, 2016, the Company and its subsidiaries (“the Company”) have a unresolved case form its regular business operations, an estimated total amount Baht 1 million which was less than 5% of its shareholders’ equity as the follow:-

On 28 August 2015, one of a company as the plaintiff filed an arbitral dispute against the Company to claim for the outstanding service fee and interest in amount of Baht 999,312 and the penalty interest at the rate of 15% per annum of the outstanding service fee in amount of Baht 747,000 counting from the dispute date until the Company will pay the principal amount of Baht 999,312 to the plaintiff. The Company filed the statement of defense that such plaintiff failed to comply with the agreement and the case is currently under the arbitration process.

# Risk Factors

The Company is aware that there are always risk factors associated with the business operation. Therefore, the Company always cautiously assess any potential risk, which may adversely affect the business performance, and seek proper preventions and mitigate risk to an acceptable level. The business risk factors are as follow:

## 1 Fluctuated World Economy

The sluggish growth of Chinese economy has an impact on regional economic growth while the US economy as well as European economy picked up in gradual pace. The world economic growth trend adversely affected the business sentiment and confidence in private sectors domestically and internationally. The sluggish business sentiment and confidence led to a slowdown in consumption and consequently suppress the revenue growth of the Company.

Even though the Bank of Thailand reported a continuous growth of service sector, especially tourism in Thailand, which was one of the supporting factors for business growth, the Company managed the risk by diversifying its investment to other potential countries in the region. The Company also controlled its debt to equity ratio at an appropriate level to ensure sufficient working capital for uncertainties.

## 2 Foreign Exchange Rate Fluctuation

A proportion of revenue of the Company was generated from investment in foreign countries and thus fluctuated by the foreign exchange rates which could affect the Company's performance. However, such revenue proportion was not significant while the expense and investment amount made in the overseas business were also denominated in foreign currencies as well which provided a natural hedge.

## 3 Major shareholders holding more than 25% equity interest

As of 6 January 2016, FICO Corporation Co., Ltd. ("FICO") and Srichawla Family, the major shareholder of FICO (aggregately referred to as "Major Shareholders") aggregately owned almost 28 percent equity interest in the Company. Major shareholders will be able to control partly the shareholders' resolution that requires more than 75 percent of total voting rights through the vote against proposals. The Company ensures check and balance in the segregated scope and fiduciary duties of the Chairman of the Board of Directors and Chief Executive Officer under the supervision of the audit committee.

However, the fact that the major shareholders hold nearly 28 percent equity interest in the Company allows the Major Shareholders to make decisions for the benefit of shareholders as well.

## **4 Intense competition**

Casual restaurant and quick service restaurant business are among industries that have fierce competition. Hygiene, savories, and service quality are crucial factors in business operation. Aside from the mentioned factors, active marketing strategy, efficient operations, brands' reputation and popularity are required to create competitive advantages as well.

The Company has additionally increased its operation efficiency, provided staff training to maintain the service quality, and created flexible and various marketing strategies to quickly respond to the fast-changing environment.

## **5 Change in consumer taste and behavior**

Consumers' tastes in food and beverage consumption naturally change and evolve over time and changing surroundings. The Internet has become an influential mainstream source of information, which can easily access through mobile devices and consequently change consumers' taste and behavior these days. The businesses have to adapt promptly to the change, by continually adjusting their business strategies as well as researching consumer behavior to maintain their customer base and competitive advantages.

Food and beverage operators who have the capability of studying consumers' behavior are in an advantageous position when compared to others as they can foresee the change. The ability to predict changes will enable those operators to deploy concurrently strategies and tactics to reflect changes in consumers' tastes as they occur. The Company receives know-how and experience from global franchisors that have long experience in the industry. These franchisors will ascertain that the Company will be able to handle the changes when they occur to reduce or eliminate adverse impact.

## **6 Raw Material Price Fluctuation**

The direct cost in the casual restaurant and quick service restaurant business is raw material cost. Significant changes in raw material cost significantly affect the financial performance of the company. Food and beverage operators typically adjust their selling price to reflect higher raw material cost, which will, to an extent, reduce the impact of such change. Aside from method as mentioned earlier to abate the risk, supply chain management, which is a know-how of the franchisors provides the various benefits to the Company, realizing from operating under exclusive franchises from franchisors that have long successful track records.



## **7 Perishable inventory**

In the casual restaurant and quick service restaurant business, perishable inventory is unavoidable and prone to waste that causes an increase in the overall cost as well as a loss in an opportunity to sell food and beverage. Besides the use of such strategy, the Company also receives a know-how on cost management from the franchisors.

## **8 Performance of Associated Firms and Joint-Ventures**

The performance of associated firms and joint-ventures directly affects the Company's performance. In other words, when the performance of these firms is positive, the Company's net profit shifts upwards and vice versa. Therefore, the Company has studied all possible outcome before making any investment decisions. The investment has diversified regarding business nature, geographies and other related factors to balance risk profile and the return. The Company regularly monitors the performance of the invested companies to assess its overall investment performance.

# General Information

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## General Information

### Company Name

Symbol

Registration Number

Business Type

Head Office

Telephone

Facsimile

Website

### Food Capitals Public Company Limited

FC

0107546000415

Invest in hospitality and food &amp; beverage sectors

725 Metropolis Building, 14th Floor

Sukhumvit Road, Klongton Nua,

Wattana, Bangkok 10110

0-2259-9522

0-2259-9590

www.foodcapitals.com

### Investor Relations Contact Information

Telephone

E-mail

0-2259-9522

ir@foodcapitals.com

### Company Secretary

Telephone

0-2259-9522

### Registered Capital (as of 31 December 2016)

Registered Capital

Issued and Paid-up Capital

Security and Warrant Registrar

THB 2,887,153,921 divided into 2,887,153,921 ordinary shares with a par value of THB 1

THB 1,959,269,063 divided into 1,959,269,063 ordinary shares with a par value of THB 1

Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road, Dindaeng, Bangkok 10400

Telephone 0-2009-9000

Facsimile 0-2009-9991

E-mail SETContactCenter@set.or.th

Website <http://www.set.or.th/tsd>

### Auditor

EY Office Limited

33rd Floor, Lake Rajada Office Complex

193/136-137 Rajadapisek Road,

Klongtoey, Bangkok 10110

Telephone 0-2264-0777, 0-2661-9190

Facsimile 0-2264-0789-90



### **Independent Auditor's Report**

To the Shareholders of Food Capitals Public Company Limited  
(Formerly known as "Evolution Capital Public Company Limited")

### **Opinion**

I have audited the accompanying consolidated financial statements of Food Capitals Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Food Capitals Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Capitals Public Company Limited and its subsidiaries and of Food Capitals Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### Revenue recognition

Revenues from sales are the Group's significant item in the statement of comprehensive income and it is a key performance indicator on which the financial statements' users focus. The Group has numerous sales made by cash and credit cards through a large number of branches. In addition, because of the intensified competition of the food and beverage industry, the Group has to continually adapt its promotional activities in order to boost sales. Therefore there are thus risks with respect to revenue recognition.

I examined the Group's revenue recognition by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales and service transactions occurring near the end of the accounting period to examine the supporting documents. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.





## **Goodwill**

As discussed in Note 18 to the financial statements, as at 31 December 2016 the Company has balance of goodwill from business combination of Food Group amounting to Baht 213 million. During the year 2016, impairment loss on goodwill of Baht 44 million was recognized in the consolidated statement of comprehensive income. Those amounts are thus significant to the consolidated financial statements. The consideration of the impairment of goodwill is, therefore, the significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of the management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparison those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by the management through analysis of the moving average finance costs of the Company and of the industry and involving internal expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

## **Deferred tax**

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 4.19 and Notes 30 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.



I gained an understanding of and tested the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as interest rates, consumer spending and gross domestic product. Furthermore, I compared the past projections with actual taxable profits to assess the exercise of management judgment in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Poonnard Paocharoen.

A handwritten signature in black ink, enclosed in a rectangular box. The signature appears to read 'Poonnard Paocharoen'.

Poonnard Paocharoen  
Certified Public Accountant (Thailand) No. 5238

EY Office Limited  
Bangkok: 1 March 2017

**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as "Evolution Capital Public Company Limited")**  
**Statement of financial position**  
**As at 31 December 2016**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	300,228,119	106,086,938	252,659,555	14,073,568
Trade and other receivables	8	11,098,862	34,886,300	38,764,529	29,426,951
Accrued income		5,007,974	14,119,199	2,569,245	11,935,183
Short-term loan to unrelated party	9	5,348,820	5,388,495	-	-
Short-term loans to related parties	6	-	-	515,000,801	415,365,479
Inventories	10	35,704,583	50,598,161	-	-
Other current assets		27,384,589	31,159,128	7,463,305	3,338,653
<b>Total current assets</b>		<b>384,772,947</b>	<b>242,238,221</b>	<b>816,457,435</b>	<b>474,139,834</b>
<b>Non-current assets</b>					
Restricted bank deposit	11	-	2,753,292	-	2,753,292
Receivable from sale of investment	6, 13	36,113,779	-	23,400,000	-
Investments in subsidiaries	12	-	-	1,142,759,137	1,352,559,137
Investments in associates	13	-	87,699,473	-	75,400,000
Other investments	14	594,338,521	594,338,521	-	-
Long-term loans to a related party	6	-	-	101,386,768	94,650,695
Project development cost in progress	15	327,011,544	338,666,778	-	-
Investment properties	16	59,403,868	59,403,868	59,403,868	59,403,868
Leasehold improvements and equipment	17	341,597,915	417,271,612	39,391,750	7,643,471
Goodwill	18	213,310,113	257,046,153	-	-
Intangible assets	19	56,285,485	58,598,966	9,202,449	4,388,553
Leasehold right of land	20	139,464,142	146,231,860	55,364,914	58,091,201
Deferred tax assets	30	22,352,006	9,296,090	-	-
Other non-current assets		62,357,692	64,234,897	4,196,490	4,236,238
<b>Total non-current assets</b>		<b>1,852,235,065</b>	<b>2,035,541,510</b>	<b>1,435,105,376</b>	<b>1,659,126,455</b>
<b>Total assets</b>		<b>2,237,008,012</b>	<b>2,277,779,731</b>	<b>2,251,562,811</b>	<b>2,133,266,289</b>

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

**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as "Evolution Capital Public Company Limited")**  
**Statement of financial position (continued)**  
**As at 31 December 2016**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdraft		1,883,032	-	-	-
Trade and other payables	21	129,910,866	165,589,054	25,348,319	6,721,965
Current portion of long-term loans from banks	22	-	51,581,408	-	50,400,000
Current portion of long-term loan from unrelated party	23	-	57,925,342	-	57,925,342
Short-term loans from unrelated parties		3,924,762	3,659,833	-	-
Short-term loan from related party	6	-	3,009,065	-	-
Current portion of financial lease payable		1,165,982	279,722	861,868	-
Assumed liabilities		6,000,000	6,000,000	6,000,000	6,000,000
Other current liabilities		8,797,012	10,226,984	2,615,690	2,109,762
<b>Total current liabilities</b>		<b>151,681,654</b>	<b>298,271,408</b>	<b>34,825,877</b>	<b>123,157,069</b>
<b>Non-current liabilities</b>					
Debentures	24	588,177,109	-	588,177,109	-
Financial lease payable, net of current portion		4,469,684	440,489	4,313,938	-
Long-term loans from banks, net of current portion	22	-	44,577,055	-	44,577,055
Long-term loans from related parties	6, 12	159,078,059	151,305,670	159,078,059	151,305,670
Deferred tax liabilities	30	18,997,077	19,256,415	-	-
Provision for long-term employee benefits	25	1,945,637	2,290,819	1,304,561	1,094,188
Other non-current liabilities		15,684,842	16,675,634	531,890	-
<b>Total non-current liabilities</b>		<b>788,352,408</b>	<b>234,546,082</b>	<b>753,405,557</b>	<b>196,976,913</b>
<b>Total liabilities</b>		<b>940,034,062</b>	<b>532,817,490</b>	<b>788,231,434</b>	<b>320,133,982</b>

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

**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as "Evolution Capital Public Company Limited")**  
**Statement of financial position (continued)**  
**As at 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered	26				
2,887,153,921 ordinary shares of Baht 1 each (2015: 2,887,153,921 ordinary shares Baht 1 each)		2,887,153,921	2,887,153,921	2,887,153,921	2,887,153,921
Issued and paid up	26				
1,959,306,678 ordinary shares of Baht 1 each (2015: 1,959,269,063 ordinary shares Baht 1 each)		1,959,306,678	1,959,269,063	1,959,306,678	1,959,269,063
Share premium	26	519,528,644	519,509,836	519,528,644	519,509,836
Share discount on business acquisition		(120,020,000)	(120,020,000)	(120,020,000)	(120,020,000)
Warrants	27	37,963,921	37,963,921	37,963,921	37,963,921
Retained earnings (deficit)					
Appropriated - Statutory reserve	28	2,661,312	2,661,312	2,661,312	2,661,312
Unappropriated		(1,256,900,146)	(834,983,976)	(936,109,178)	(586,251,825)
Other components of shareholders' equity		125,623,065	129,280,681	-	-
Equity attributable to owners of the Company		1,268,163,474	1,693,680,837	1,463,331,377	1,813,132,307
Non-controlling interests of subsidiaries		28,810,476	51,281,404	-	-
<b>Total shareholders' equity</b>		<b>1,296,973,950</b>	<b>1,744,962,241</b>	<b>1,463,331,377</b>	<b>1,813,132,307</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,237,008,012</b>	<b>2,277,779,731</b>	<b>2,251,562,811</b>	<b>2,133,266,289</b>

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



**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as "Evolution Capital Public Company Limited")**  
**Statement of comprehensive income**  
**For the year ended 31 December 2016**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Continuing operations</b>					
Sales		671,418,191	697,055,094	-	-
Advisory income		11,281,190	17,769,303	-	-
Sub-franchise income		889,716	2,417,531	-	-
Investment services income		-	11,155,934	-	-
<b>Total revenues from sales and services</b>		<b>683,589,097</b>	<b>728,397,862</b>	<b>-</b>	<b>-</b>
Cost of sales		(252,864,663)	(258,679,681)	-	-
<b>Total costs of sales and services</b>		<b>(252,864,663)</b>	<b>(258,679,681)</b>	<b>-</b>	<b>-</b>
<b>Gross profit</b>		<b>430,724,434</b>	<b>469,718,181</b>	<b>-</b>	<b>-</b>
Management income		1,988,920	2,090,828	32,236,000	31,193,420
Interest income		1,687,555	1,408,083	40,135,791	37,636,288
Profit from reclassification of investment	13.5	-	158,378,847	-	-
Other income		25,917,392	36,179,707	15,176,258	17,229,603
Selling expenses		(524,470,237)	(537,187,557)	-	-
Administrative expenses		(373,476,018)	(353,247,685)	(407,597,085)	(188,088,024)
Financial costs		(31,125,927)	(21,299,137)	(30,746,069)	(20,769,099)
Share of loss from investments in associates	13.2	762,720	(8,401,531)	-	-
<b>Loss before income tax revenue (expense)</b>		<b>(487,991,161)</b>	<b>(252,360,264)</b>	<b>(350,795,105)</b>	<b>(122,797,812)</b>
Income tax revenue (expense)	30	13,315,254	(44,951,195)	-	-
<b>Loss for the year from continuing operations</b>		<b>(454,675,907)</b>	<b>(297,311,459)</b>	<b>(350,795,105)</b>	<b>(122,797,812)</b>
<b>Discontinued operations</b>					
Loss for the year from discontinued operations	31	-	(10,031,001)	-	-
<b>Loss for the year</b>		<b>(454,675,907)</b>	<b>(307,342,460)</b>	<b>(350,795,105)</b>	<b>(122,797,812)</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
<i>Exchange differences on translation of</i>					
financial statements in foreign currency	13.2	(1,980,935)	19,798,679	-	-
Share of other comprehensive income from associate	13.2	-	(13,389,957)	-	-
<i>Reversal of other comprehensive income</i>					
from associate to profit and loss	13.2	-	22,242,209	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		(1,980,935)	28,650,931	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax	25	1,445,204	-	937,752	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>					
		1,445,204	-	937,752	-
<b>Other comprehensive income for the year</b>		<b>(535,731)</b>	<b>28,650,931</b>	<b>937,752</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(455,211,638)</b>	<b>(278,691,529)</b>	<b>(349,857,353)</b>	<b>(122,797,812)</b>

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

**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as "Evolution Capital Public Company Limited")**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2016**

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
Note	2016	2015	2016	2015
<b>Loss attributable to:</b>				
Equity holders of the Company				
Loss for the year from continuing operations	(423,361,374)	(269,659,726)	(350,795,105)	(122,797,812)
Loss for the year from discontinued operations	-	(10,031,001)	-	-
Loss for the year attributable to equity holders of the Company	(423,361,374)	(279,690,727)	(350,795,105)	(122,797,812)
Non-controlling interest of the subsidiaries				
Loss for the year from continuing operations	(31,314,533)	(27,651,733)		
Loss for the year from discontinued operations	-	-		
Loss for the year attributable to non-controlling interests of the subsidiaries	(31,314,533)	(27,651,733)		
	(454,675,907)	(307,342,460)		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(426,275,874)	(253,585,334)	(349,857,353)	(122,797,812)
Non-controlling interest of the subsidiaries	(28,935,764)	(25,106,195)		
	(455,211,638)	(278,691,529)		
<b>Earnings per share</b>				
32				
Basic earnings per share				
Loss attributable to equity holders of the Company	(0.22)	(0.15)	(0.18)	(0.06)
Basic earnings per share for continuing operations				
Loss from continuing operations attributable to equity holders of the Company	(0.22)	(0.14)		
Diluted earnings per share				
Loss attributable to equity holders of the Company	(0.22)	(0.15)	(0.18)	(0.06)
Diluted earnings per share for continuing operations				
Loss from continuing operations attributable to equity holders of the Company	(0.22)	(0.14)		

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

**Evolution Capital Public Company Limited and its subsidiaries**
**Cash flow statement**
**For the year ended 31 December 2016**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Loss before tax from continuing operations	(467,991,161)	(252,360,264)	(350,795,105)	(122,797,812)
Loss before tax from discontinued operations	-	(10,031,001)	-	-
Loss before tax	(467,991,161)	(262,391,265)	(350,795,105)	(122,797,812)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	110,943,638	91,852,825	10,971,389	6,001,559
Bad debts and allowance for doubtful accounts	54,147,892	4,595,830	52,000,000	82,160
Allowance for short-term loan to subsidiaries	-	-	5,598,000	31,623,645
Reduction of inventory to net realisable value	72,471	49,415	-	-
Investment services income	-	(11,155,934)	-	-
Share of loss from investments in associates	(762,720)	8,401,531	-	-
Profit on reclassification investment	-	(158,378,847)	-	-
Unrealised loss on exchange	39,675	342,936	-	-
Loss on disposal of investment in subsidiary	2,294,491	-	59,000,000	-
Allowance for impairment of investments in subsidiaries	-	-	201,800,000	27,885,000
Loss (gain) on disposal of equipment	39,063,557	9,725,910	4,115,142	(196,126)
Loss on disposal of intangible assets	-	165,250	-	23
Allowance for impairment of project development cost in progress	11,655,234	4,600,000	-	-
Allowance for impairment of equipment	14,483,710	8,788,280	514,082	-
Allowance for impairment of intangible assets	1,548,308	273,284	-	-
Allowance for impairment of goodwill	43,736,040	51,000,000	-	-
Loss of written-off deposits	1,724,636	1,787,897	-	-
Provisions for liabilities	95,543	1,349,179	1,148,125	202,107
Contingent consideration	-	66,100,000	-	66,100,000
Interest income	(1,687,555)	(1,408,083)	(40,135,791)	(37,636,288)
Interest expenses	31,125,927	21,299,137	30,746,069	20,769,099
Loss from operating activities before changes in operating assets and liabilities	(159,510,314)	(163,002,655)	(25,038,089)	(7,966,633)
Decrease (increase) in operating assets				
Trade and other receivables	20,506,096	7,149,772	(9,337,578)	(8,096,965)
Accrued income	9,111,225	(5,951,334)	9,365,938	(9,605,598)
Inventories	12,893,413	(21,590,745)	-	-
Other current assets	(1,360,480)	(1,043,256)	(7,315,422)	562,650
Other non-current assets	(5,108,072)	(21,981,581)	114,557	279,257
Increase (decrease) in operating liabilities				
Trade and other payables	(12,964,440)	15,295,925	13,596,217	(2,365,543)
Other current liabilities	(621,799)	2,079,962	505,928	246,464
<b>Cash flows used in operating activities</b>	<b>(137,054,371)</b>	<b>(189,043,912)</b>	<b>(18,108,449)</b>	<b>(26,946,368)</b>
Cash received from income tax refund	3,190,770	-	3,190,770	-
Cash paid for interest expenses	(18,483,814)	(12,932,378)	(17,943,543)	(12,570,092)
Cash paid for corporate income tax	(1,251,684)	(3,063,844)	(74,809)	(838,193)
<b>Net cash flows used in operating activities</b>	<b>(153,599,099)</b>	<b>(205,040,134)</b>	<b>(32,936,031)</b>	<b>(40,354,653)</b>

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

## Evolution Capital Public Company Limited and its subsidiaries

## Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Interest income	1,687,555	1,397,890	6,235,180	20,172,528
Increase in restricted bank deposit	2,753,292	-	2,753,292	-
Cash paid for additional investment in subsidiaries	(3,000,000)	-	(78,000,000)	(282,634,501)
Proceeds from sale of investment in subsidiary	25,814,538	-	27,000,000	-
Cash paid for purchase of leasehold improvements and equipment	(119,213,292)	(177,933,311)	(35,122,203)	(386,343)
Cash paid for purchase of intangible assets	(11,461,971)	(15,401,841)	(5,273,856)	(4,323,865)
Proceeds from disposals of equipment	5,261,453	2,142,000	522,541	196,260
Decrease (increase) in short-term loans to related parties	-	-	(78,068,784)	31,713,852
Increase in long-term loan to related party	-	-	-	(650,000)
<b>Net cash flows used in investing activities</b>	<b>(98,158,425)</b>	<b>(189,795,262)</b>	<b>(159,953,830)</b>	<b>(235,912,069)</b>
<b>Cash flows from financing activities</b>				
Cash receipt from overdraft	1,883,032	-	-	-
Proceeds from the issuance of the debentures	600,000,000	-	600,000,000	-
Deferred debenture issuing costs	(15,231,506)	-	(15,231,506)	-
Repayment of long-term loans from banks	(96,158,463)	(74,921,449)	(94,977,055)	(70,400,000)
Repayment of loans from unrelated parties	(57,500,000)	-	(57,925,342)	-
Repayment of financial lease payable	(707,023)	(876,537)	(446,672)	-
Cash receipt from short-term loans from related parties	1,990,935	3,009,065	-	-
Non-controlling interests invested in subsidiaries	9,247,324	150,000,000	-	-
Proceeds from increase in share capital	56,423	332,783,765	56,423	332,783,765
Dividend paid to non-controlling interests	-	(2,200,000)	-	-
<b>Net cash flows from financing activities</b>	<b>443,580,722</b>	<b>407,794,844</b>	<b>431,475,848</b>	<b>262,383,765</b>
Increase in translation adjustments	2,317,983	5,660,650	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>194,141,181</b>	<b>18,620,098</b>	<b>238,585,987</b>	<b>(13,882,957)</b>
Cash and cash equivalents at beginning of year	106,086,938	87,466,840	14,073,568	27,956,525
<b>Cash and cash equivalents at end of year</b>	<b>300,228,119</b>	<b>106,086,938</b>	<b>252,659,555</b>	<b>14,073,568</b>

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



Evolution Capital Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2016

	Consolidated financial statements										(Unit: Baht)			
	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)		Other comprehensive income			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
					Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements	Share of other comprehensive income (expense) from associate	Share of other comprehensive income (expense) from associate					
<b>Balance as at 1 January 2015</b>	1,654,052,845	491,942,289	(120,020,000)	37,963,921	2,661,312	(555,293,249)	(279,690,727)	(34,070,969)	-	(9,606,320)	1,501,700,798	35,059,552	1,536,760,380	
Loss for the year	-	-	-	-	-	(279,690,727)	-	-	-	-	(279,690,727)	(27,651,733)	(307,342,460)	
Other comprehensive income for the year	-	-	-	-	-	-	-	(13,369,957)	-	6,106,325	6,106,325	302,367	6,408,722	
Reversal of other comprehensive income from associate to profit and loss	-	-	-	-	-	-	-	47,460,928	-	22,242,209	22,242,209	-	22,242,209	
Total comprehensive income for the year	-	-	-	-	-	(279,690,727)	-	34,070,969	-	26,348,534	(251,342,193)	(27,349,396)	(278,691,529)	
Ordinary shares issued (Note 26)	305,216,218	27,567,547	-	-	-	-	-	-	-	-	332,783,765	-	332,783,765	
Surplus on change in percentage of shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	110,538,467	110,538,467	110,538,467	-	110,538,467	
Non-controlling interests invested in the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	6,309,625	6,309,625	
<b>Balance as at 31 December 2015</b>	1,959,269,063	519,509,836	(120,020,000)	37,963,921	2,661,312	(834,983,976)	-	-	-	129,260,681	1,693,680,837	51,281,404	1,744,962,241	
<b>Balance as at 1 January 2016</b>	1,959,269,063	519,509,836	(120,020,000)	37,963,921	2,661,312	(834,983,976)	-	-	110,538,467	129,260,681	1,693,680,837	51,281,404	1,744,962,241	
Loss for the year	-	-	-	-	-	(423,361,374)	-	-	-	-	(423,361,374)	(31,314,533)	(454,675,907)	
Other comprehensive income for the year	-	-	-	-	-	1,445,204	-	-	-	(2,148,106)	(702,902)	167,171	(535,731)	
Total comprehensive income for the year	-	-	-	-	-	(421,916,170)	-	-	-	(2,148,106)	(424,084,276)	(31,147,362)	(455,211,638)	
Ordinary shares issued (Note 26)	37,615	18,808	-	-	-	-	-	-	-	-	56,423	-	56,423	
Surplus on change in percentage of shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-controlling interests invested in the subsidiaries	-	-	-	-	-	-	-	-	(1,509,510)	(1,509,510)	(1,509,510)	-	(1,509,510)	
Equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,460,490)	(1,460,490)	
<b>Balance as at 31 December 2016</b>	1,959,306,678	519,528,644	(120,020,000)	37,963,921	2,661,312	(1,256,900,146)	-	16,564,108	-	125,623,065	1,268,163,474	10,166,924	1,296,973,950	

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

**Evolution Capital Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2016**

	Separate financial statements						(Unit: Baht)
	Issued and paid-up capital	Share premium	Share discount on business acquisition	Warrants	Retained earnings (deficit)		
					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2015	1,654,052,845	491,942,289	(120,020,000)	37,963,921	2,661,312	(463,454,013)	1,603,146,354
Loss for the year	-	-	-	-	-	(122,797,812)	(122,797,812)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	(122,797,812)	(122,797,812)
Ordinary shares issued (Note 26)	305,216,218	27,567,547	-	-	-	-	332,783,765
Balance as at 31 December 2015	1,959,269,063	519,509,836	(120,020,000)	37,963,921	2,661,312	(586,251,825)	1,813,132,307
Balance as at 1 January 2016	1,959,269,063	519,509,836	(120,020,000)	37,963,921	2,661,312	(586,251,825)	1,813,132,307
Loss for the year	-	-	-	-	-	(350,795,105)	(350,795,105)
Other comprehensive income for the year	-	-	-	-	-	937,752	937,752
Total comprehensive income for the year	-	-	-	-	-	(349,857,353)	(349,857,353)
Ordinary shares issued (Note 26)	37,615	18,808	-	-	-	-	56,423
Balance as at 31 December 2016	1,959,306,678	519,528,644	(120,020,000)	37,963,921	2,661,312	(936,109,178)	1,463,331,377

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

**Food Capitals Public Company Limited and its subsidiaries**  
**(Formerly known as “Evolution Capital Public Company Limited”)**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2016**

**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 725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

The Company registered the change of the Company’s name from “Evolution Capital Public Company Limited” to “Food Capitals Public Company Limited” with the Ministry of Commerce on 23 June 2016 and change of the ticker symbol from “E” to “FC” with effective from 28 June 2016. On 1 July 2016, the Company changes the registered office of the Company from 18/8 Fico Place Building, 12th Floor, Sukhumvit 21 (Asoke) Road, Klongtoey Nua, Wattana, Bangkok 10110 to 725 Metropolis Building, 14th Floor, Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 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	
			2016 (%)	2015 (%)
<u>Held by the Company</u>				
Monster Media Co., Ltd.	Dormant	Thailand	100	100
Casa Fico Co., Ltd.	Residential real estate development	Thailand	92.5*	92.5
Fena Park Co., Ltd.	Hotel real estate development	Thailand	92.5*	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. (Formerly known as "Evolution Commissary Co., Ltd.")	Sales of food and beverage	Thailand	100	100
Mr. Jones International Co., Ltd.	Sales of food and beverage	Thailand	-	100
Evolution Foods (Thailand) Co., Ltd.	Holding company	Thailand	90	90
* Included 42.5% indirect stake held through the subsidiary, Evolution Land Co., Ltd.				
<u>Held by subsidiaries</u>				
Maggie Choo's Co., Ltd. (Formerly known as "Fenix Silom Co., Ltd.")	Sales of food and beverage	Thailand	100	80
Evolution Advisors Limited	Investment advisory	Cayman Islands	100	100
Evolution Investments Limited	Dormant	Cayman Islands	100	100
Evolution Capital International Pte. Ltd.	Dormant	Singapore	100	100
PhotoMe.com Co., Ltd.	Dormant	Thailand	100	100
D. Pizza Plc.	Sales of food and beverage	Cambodia	58.5	58.5
Domino's (Thailand) Co., Ltd. (Formerly known as "Fenix Pizza Co., Ltd.")	Sales of food and beverage	Thailand	90	90
CBTL (Thailand) Co., Ltd. (Formerly known as "Fico Coffee 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

On 8 December 2016, Fenix Iron Fairies Co., Ltd., a subsidiary, acquired an additional 12,000 ordinary shares of Maggie Choo's Co., Ltd. from other shareholders of such subsidiary at a consideration price of Baht 250 per share, total of Baht 3 million. The difference between the cost of this purchase from non-controlling interests of the subsidiary and the net book value of the equity of the subsidiary, amounting to Baht 1.5 million, was recognised in the shareholders' equity of the consolidated statement of financial position, under surplus on change in percentage of shareholding in the subsidiaries. As a result of this transaction, the shareholding in this subsidiary increased from 80% to 100%.



- 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.
- 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.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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' financial statements.

## **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 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 management of the Group believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Inventories**

Inventories are valued at the lower of cost (under the first in - first out method) and net realisable value.

## **4.5 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Project development cost in progress**

Project development cost in progress is stated at cost less allowance for impairment loss in value of projects (if any). Project development cost consists of land and construction in progress.

Construction in progress consists of the cost of design, cost of advisor, cost of construction and public utility costs. The Group records cost of design, advisor, construction and public utilities based on the actual cost incurred.

#### **4.7 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.8 Leasehold improvements and equipment/Depreciation**

Leasehold improvements and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvements and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement	3, 5, 10 and 12 years
Office equipment	2, 3, 4 and 5 years
Furniture and fixtures	3 and 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on construction in progress.

An item of leasehold improvements and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.



## 4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 4.10 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Franchises	5 and 10 years
Customer loyalty	10 years
Computer software	3, 5 and 10 years

No depreciation is provided on intangible assets under development.

## 4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.12 Leasehold right of land and amortisation**

Leasehold rights of land are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold rights of land is calculated by reference to their costs on the straight-line basis over the lease period of 30 years and included in determining income.

#### **4.13 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.14 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.16 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.17 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### ***Defined contribution plans***

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.18 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.19 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.20 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## 6. Related party transactions

During the years, 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
	financial statements		financial statements		policy
	2016	2015	2016	2015	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Management income	-	-	30,300	29,103	(1)
Interest income	-	-	38,574	36,880	(3)
<b>Transactions with associates</b>					
Management income	936	936	936	936	(1)
Other income	-	3,263	-	3,263	(1)
Financial cost	-	135	-	135	(6)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2016	2015	2016	2015	
<b>Transactions with related companies</b>					
Sales	823	666	-	-	(2)
Other income	-	3,150	7,462	3,150	(1)
Purchase of leasehold improvement and equipment	7,654	8,226	-	-	(7)
Purchase of goods and services	24,130	24,889	8,983	3,475	(2)
Financial cost	7,772	7,639	7,772	7,639	(4)

**Transactions with directors**

Financial cost	604	-	604	-	(5)
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- 1) Contract price based on cost plus margin
- (2) Cost plus margin
- (3) At interest rate of 3.25% to 12.625% per annum
- (4) At interest rate of 1% and 7.5% per annum
- (5) At interest rate of 6.8% per annum
- (6) At interest rate of 1% per annum
- (7) Contract price based on normal price charged to third party

The balances of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Trade and other receivables (Note 8)</b>				
<u>Trade receivables - related parties</u>				
Related companies	443	870	-	-
Directors	68	-	-	-
	<u>511</u>	<u>870</u>	<u>-</u>	<u>-</u>
<u>Amount due from and advance to related parties</u>				
Subsidiaries	-	-	34,027	24,293
Associates	486	6,011	487	-
Related company	<u>4,166</u>	<u>162</u>	<u>4,166</u>	<u>4,210</u>
	<u>4,652</u>	<u>6,173</u>	<u>38,680</u>	<u>28,503</u>
<b>Accrued income - related parties</b>				
Subsidiaries	-	-	-	2,792
Associates	-	76	76	76
Related companies	<u>-</u>	<u>1,540</u>	<u>1,843</u>	<u>8,642</u>
	<u>-</u>	<u>1,616</u>	<u>1,919</u>	<u>11,510</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Receivable from sale of investment - related party</b>				
Subsidiary	-	-	75,400	-
Less: Allowance for doubtful debts	-	-	(52,000)	-
	-	-	23,400	-
<b>Deposit - related parties</b>				
Related companies	6,702	4,449	2,367	738
	6,702	4,449	2,367	738
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	524,520	424,287
Less: Allowance for doubtful debts	-	-	(9,519)	(8,922)
	-	-	515,001	415,365
<b>Long-term loans to related party</b>				
Subsidiary	-	-	101,387	94,651
	-	-	101,387	94,651
<b>Trade and other payables (Note 21)</b>				
<u>Other payable - related parties</u>				
Subsidiary	-	-	-	430
Related companies	741	1,660	26	813
	741	1,660	26	1,243
<b>Short-term loans from related party</b>				
Related company	-	3,009	-	-
	-	3,009	-	-
<b>Long-term loans from related parties</b>				
Related persons	130,740	123,240	130,740	123,240
Related parties	28,338	28,066	28,338	28,066
	159,078	151,306	159,078	151,306

#### Loans to related parties/loans from related parties

Loans to/loans from related parties are clean loans. As at 31 December 2016 and 2015, 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 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<b>Short-term loans from related party</b>				
Related company	3,009	-	(3,009)	-
Total	3,009	-	(3,009)	-
<b>Long-term loans from related parties</b>				
Related persons	28,066	272	-	28,338
Related parties	123,240	7,500	-	130,740
Total	151,306	7,772	-	159,078

(Unit: Thousand Baht)

Separate financial statements				
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<b>Short-term loans to related parties</b>				
Subsidiaries	424,287	228,017	(127,784)	524,520
Less: Allowance for doubtful debts	(8,922)	(5,597)	5,000	(9,519)
Total	415,365	222,420	(122,784)	515,001
<b>Long-term loans to related party</b>				
Subsidiary	94,651	6,736	-	101,387
Total	94,651	6,736	-	101,387
<b>Long-term loans from related parties</b>				
Related persons	28,066	272	-	28,338
Related companies	123,240	7,500	-	130,740
Total	151,306	7,772	-	159,078

The Group has a loan facility from a related company through a line of credit of Baht 30 million. As at 31 December 2016, the Group's outstanding loan and interest payable was Baht 28 million (2015: Baht 28 million). The loan is unsecured, bears interest at 1% per annum and is due for repayment on call.

The Company classified borrowings from related parties as non-current liabilities due to the fact that the lender agreed not to recall the loans and interest payable in the

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	15,513	15,893	12,995	13,893
Post-employment benefits	426	675	426	224
Total	15,939	16,528	13,421	14,117

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	2,703	6,588	87	67
Bank deposits	297,525	99,499	249,814	14,006
Total	300,228	106,087	252,660	14,073

As at 31 December 2016, bank deposits in saving accounts carried interest at 0.1% - 0.75% per annum (2015: 0.05% - 0.375% per annum).

## 8. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	24	163	-	-
Past due				
Up to 3 months	158	282	-	-
3 - 6 months	167	188	-	-
6 - 12 months	158	7	-	-
Over 12 months	4	1,785	-	-
Total	511	2,425	-	-
Less: Allowance for doubtful debts	-	(1,555)	-	-
Total trade receivables - related parties	511	870	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	120	8,182	-	-
Past due				
Up to 3 months	1,220	2,789	-	-
3 - 6 months	774	902	-	-
6 - 12 months	891	80	-	-
Over 12 months	4,683	827	-	-
Total	7,688	12,780	-	-
Less: Allowance for doubtful debts	(3,490)	(1,326)	-	-
Total trade receivables - unrelated parties, net	4,198	11,454	-	-
Total trade receivables - net	4,709	12,324	-	-
<u>Other receivables</u>				
Other receivables - related parties	4,652	6,173	38,680	28,503
Other receivables - unrelated parties	1,204	1,396	82	262
Advances	1,306	11,902	85	744
Share receivable	-	6,310	-	-
Total	7,162	25,781	38,847	29,509
Less: Allowance for doubtful debts	(772)	(3,219)	(82)	(82)
Total other receivables - net	6,390	22,562	38,765	29,427
Trade and other receivables - net	11,099	34,886	38,765	29,427

## 9. Short-term loan to unrelated party

As at 31 December 2016 and 2015, the Group has an outstanding short-term loan to an unrelated party amounting to USD 150,000. The loan is unsecured, with no interest. The loan shall be considered to be repaid in full, upon the completion of transfer of 33.3% of the borrower's share to the Group or upon repayment in full of the loan principal.

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Food and beverages	6,379	8,915	-	-
Food materials	18,699	29,729	-	-
Restaurant operating supplies and others	11,854	12,003	-	-
Total	36,932	50,647	-	-
Reduce cost to net realisable value	(1,227)	(49)	-	-
Inventories-net	35,705	50,598	-	-

## 11. Restricted bank deposit

The Company was required by the lender to open the reserve account and pledge a guarantee deposit by reserving not less than 3 months of interest payable to the lender.

As of 31 December 2016, this deposit is free for collateral as result from the repayment of loan in full. The Company reclassified such deposit to present as cash and cash equivalent.



## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht)	
					Cost	
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
Monster Media Co., Ltd.	10,000	10,000	100	100	10,000	10,000
Casa Fico Co., Ltd.	285,000	285,000	92.5*	92.5*	146,377	146,377
Fena Park Co., Ltd.	100,000	100,000	92.5*	92.5*	33,833	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 ("EH")	USD 4,675**	USD 4,675**	100	100	146,198	146,198
Evolution Commissary Co., Ltd.	10,000	10,000	100	100	5,639	5,639
Mr. Jones International Co., Ltd.	86,000	86,000	100	100	-	8,000
Evolution Foods (Thailand) Co., Ltd.	661,130	661,130	90	90	698,435	698,435
<b>Total</b>					<b>1,410,788</b>	<b>1,418,788</b>
<b>Less: Allowance for impairment loss on investment</b>					<b>(268,029)</b>	<b>(66,229)</b>
<b>Investment in subsidiaries - net</b>					<b>1,142,759</b>	<b>1,352,559</b>

\* Included 42.5% indirect stake held through the subsidiary, Evolution Land Co., Ltd.

\*\* USD expressed in thousand

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

During the year 2016, the allowance for impairment loss on Evolution Foods (Thailand) Co., Ltd. amounting to Baht 202 million was recognised.

### Investment in Mr. Jones International Company Limited

During the current period, Mr. Jones International Company Limited, a subsidiary, increased its registered share capital from Baht 8 million, divided into 80,000 ordinary shares with a par value of Baht 100 per share to Baht 86 million, divided into 860,000 ordinary shares with a par value of Baht 100 per share. The Company invested in these additional shares, representing 780,000 ordinary shares at Baht 100 per share, totaling Baht 78 million. The additional capital has no effect to the Company's shareholding in that company.

In August 2016, the Company sold all of investments in such subsidiary to third party in the amount of Baht 27 million. As the result, the Group recorded loss on sale of investment in the subsidiary amounting to Baht 2 million in the consolidated statement of comprehensive income and Baht 59 million in the separate statement of comprehensive income for this fiscal period. The Company recorded the loss in administrative expenses.

### 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 14 November 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 26 November 2012. The guarantee shall be valid for a period of 3 years ending 26 November 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 31 December 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 (31 December 2015: Baht 23 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 promissory note for a period of 18 months from the original maturity date as from on 26 November 2015 to 26 May 2017 ("the second maturity date").

On 27 February 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 26 May 2018.

The Company, therefore, presented an amount due for payment under promissory note issued to Srichawla group plus accrued interest as long-term loans from related parties in the statement of financial position as of 31 December 2016 and as of 31 December 2015.

- 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 26 November 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.

As at 31 December 2015, the Company pledged 9,250,000 ordinary shares of Fena Park Co., Ltd. to secure loan facilities with financial institution, as described in Note 22.

As at 31 December 2016, the Company had fully repayment of the loan.

### 13. Investments in associates

#### 13.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
Q's Dining Inc.	Restaurants	Japan	-	29.3	-	75,400	-	74,500
<u>Associates under Evolution Land Co., Ltd.:</u>								
Andaman Beach Residences Co., Ltd.	Residential real estate Development	Thailand	51.0	51.0	5,218	5,218	-	-
Phang Nga Hotel Co., Ltd.	Hotel real estate development	Thailand	51.0	51.0	5,218	5,218	-	-
<u>Associates under Evolution Advisors Limited:</u>								
Sweetstar Holdings Limited	Holding company and development of bakery outlets	Cayman Islands	-	17.5	-	1	-	25
Sweetstar K.K.	Development of bakery outlets	Japan	-	11.1	-	3,525	-	378
Sweetstar Asia Limited	Development of bakery outlets	Hong Kong	-	12.2	-	9,844	-	12,796
Total					10,436	99,206	-	87,699

Sweetstar Holdings Limited, an associate, registered for the dissolution of the company on 2 February 2016.

(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for diminution in value of investments		Carrying amounts based on cost method - net	
		2016	2015	2016	2015	2016	2015	2016	2015
		(%)	(%)						
Q's Dining Inc.	Restaurants	-	29.3	-	75,400	-	-	-	75,400
Total				-	75,400	-	-	-	75,400

During the current year, the Company transferred investment in Q's Dining Inc. to Evolution Advisors Limited (subsidiary) with investment cost of Baht 75.4 million for the purpose of restructure investment holding of the Group. However, the subsidiary had not made payment for such investment as at the end reporting period and accounted such amount as receivable from sale of investment in the statement of financial position as at 31 December 2016. Then, on 26 February 2016, the Group entered into a share purchase agreement with Red Planet Japan Inc. to render 222,250 ordinary shares of Sweetstar K.K., representing 11.1% equity interests, 3,000 ordinary shares of Sweetstar Asia Limited, representing 12.2% equity interests, and 213 ordinary shares of Q's Dining, Inc., representing 29.3% equity interests. The Group accepted transfer of 4,335 ordinary shares of Red Planet Foods Inc. held by Red Planet Japan Inc., representing 15.8% of its registered capital of Red Planet Foods Inc. as part of share swap, instead of payment in cash. Red Planet Foods Inc., is a company incorporated in Japan. The principal business is to develop, operate in fast casual restaurants in the Asia Pacific and holds exclusive franchise rights for a diverse portfolio of various restaurant brands. Based in Japan, Red Planet Foods Inc. is currently operates a portfolio of 24 stores across Japan, South Korea and Hawaii.

The Group considers that it does not have significant influence over Red Planet Foods Inc. as it neither has a representative in the executive committee of Red Planet Foods Inc. nor significant voting rights at the shareholder level. The Group, therefore, considered Red Planet Foods Inc. as other investment. Fair value of Red Planet Foods Inc., assessed by the management of the Group, as of the date on which the Group entered into the share swap agreement with Red Planet Japan, Inc. which is approximately the same as the carrying value accounted by equity method of Sweetstar K.K., Sweetstar Asia Limited, and Q's Dining Inc., which was the method used in the calculation of the share swap ratio. Therefore, the Group does not recognise gain or loss from sales of such investment.



On 14 June 2016, pursuant to a Share Purchase Agreement between the subsidiary, Evolution Advisors Limited ("the Seller") and Food Planet Inc. ("the Purchaser"), the subsidiary sold all their shares in Red Planet Foods Inc. of 4,335 ordinary shares in a consideration paid of Yen 316 million ("Purchase Price") or equivalent to Baht 107 million to Food Planet Inc. On 30 June 2016, the parties entered into Payment Agreement agreed to complete the settlement of Purchase Price within December 2020 in which interests at a fixed rate of 1% per annum will be calculated from the outstanding amount of Purchase Price. The Purchaser pledged 4,335 ordinary shares of Red Planet Foods Inc. as collateral for repayment in according to share pledge agreement. The subsidiary have the rights to recall for the payment either by cash or other forms from Food Planet Inc.

Due to the uncertainty in the amounts and in term of duration expected to be received, the Group recorded receivable from disposal of investment equivalent to the carrying amount of the investment in Red Planet Foods Inc. amounting Baht 88.1 million and classified as non-current assets in the statement of financial position as of 31 December 2016. In the fourth quarter of 2016, the Company's management assessed recoverability of such consideration and decided to account for provision on impairment loss on receivable from sale of investment recognized in the consolidated statement of comprehensive income and the separate statement of comprehensive income for the year 2016 in the amount of Baht 52 million.

### 13.2 Share of profit (loss)

During the years, the Company recognised its share of profit (loss) from investments in associates in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Share of profit (loss) from investments		Share of other comprehensive income from investments in	
	in associates during the years		associates during the years	
	2016	2015	2016	2015
Q's Dining Inc.	428	1,006	-	-
Red Planet Hotels Limited	-	(7,958)	-	(13,390)
Sweetstar Holdings Limited	(25)	(213)	-	-
Sweetstar Asia Limited	360	2,274	-	-
Sweetstar K.K.	-	(3,511)	-	-
<b>Total</b>	<b>763</b>	<b>(8,402)</b>	<b>-</b>	<b>(13,390)</b>

### 13.3 Summarised financial information about material associates

#### Summarised information about financial position

(Unit: Million Baht)

	Q's Dining Inc.		Sweetstar K.K.		Sweetstar Asia Limited		Red Planet Hotels Limited	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current assets	-	57.0	-	34.5	-	6.7	-	-
Non-current assets	-	203.5	-	10.0	-	100.0	-	-
Current liabilities	-	(76.7)	-	(40.7)	-	-	-	-
Non-current liabilities	-	(126.0)	-	(11.0)	-	-	-	-
<b>Net assets</b>	-	<b>57.8</b>	-	<b>(7.2)</b>	-	<b>106.7</b>	-	-
Shareholding percentage (%)	-	29.3%	-	11.1%	-	12.2%	-	-
<b>Share of net assets</b>	-	<b>16.9</b>	-	<b>(0.8)</b>	-	<b>13.0</b>	-	-
Unrecognised share of losses	-	-	-	0.8	-	-	-	-
Effect from currency translation	-	0.9	-	0.3	-	(0.2)	-	-
Goodwill	-	56.7	-	-	-	-	-	-
<b>Carrying amounts of associates based on equity method</b>	-	<b>74.5</b>	-	<b>0.3</b>	-	<b>12.8</b>	-	-

#### Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December							
	Q's Dining Inc.		Sweetstar K.K.		Sweetstar Asia Limited		Red Planet Hotels Limited	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue	-	384.2	-	116.1	-	32.3	-	-
Profit (loss)	-	6.7	-	(39.0)	-	17.6	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	<b>6.7</b>	-	<b>(39.0)</b>	-	<b>17.6</b>	-	-

### 13.4 Investment in associates with capital deficit

The Company recognised share of losses from investment in associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)				
Company's name	Unrecognised share of losses			
	Share of losses		Cumulative share	
	for the years ended		of losses up to	
	31 December		31 December	
	2016	2015	2016	2015
Andaman Beach Residences Co., Ltd.	(60)	(109)	(668)	(608)
Phang Nga Hotel Co., Ltd.	(36)	(68)	(364)	(328)
Total	(96)	(177)	(1,032)	(936)

### 13.5 Investment in Red Planet Hotels Limited

#### Reclassification of investment

Since 30 June 2015, the Company does not have significant influence over Red Planet Hotels Limited ("RPHL") and the Group companies of RPHL which operate in all countries. The Company does not have a representative in the board of directors of RPHL with effect from 30 June 2015 while it does not have significant voting rights at the shareholder level. Thus, its investment in RPHL included Red Planet Hotels Limited, 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 were reclassified from investment in associates to other investments which was recognised at fair value conducted independently by the financial advisor approved by the Office of SEC since 30 June 2015 onward. As a result, the Company recognised profit from reclassification of investment amounting to Baht 158 million in the consolidated statement of comprehensive income for year ended 31 December 2015.

## Other investment

Company's name	Shareholding percentage		(Unit: Thousand Baht)	
			Consolidated	
			financial statements	
	Cost			
	2016	2015	2016	2015
	(%)	(%)		
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

As at 31 December 2016, the Group has pledged investments in five related companies (31 December 2016: four 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 35.5). Consequently, the Company is entitled to receive debt



## Project development cost in progress

The net book value of project development cost in progress as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land	Construction in progress	Total
<b>31 December 2016</b>			
Cost	297,000	46,267	343,267
<u>Less</u> Allowance for impairment loss	-	(16,255)	(16,255)
Net book value	297,000	30,012	327,012
<b>31 December 2015</b>			
Cost	297,000	46,267	343,267
<u>Less</u> Allowance for impairment loss	-	(4,600)	(4,600)
Net book value	297,000	41,667	338,667

Project development cost in progress represents land and construction in progress of Lamsett project located in Amphur Samui, Suratthani, which is real estate development project owned by two subsidiaries - Casa Fico Co., Ltd. and Fena Park Co., Ltd.

As at 31 December 2015, the subsidiary's land owned by Casa Fico Co., Ltd. is used as collateral for the Company's credit loan facility of Baht 150 million as described in Note 22.

As at 31 December 2016, the Company has fully repayment of the loan.

## Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)		
	Consolidated and separate financial statements		
	Land	Development costs	Total
31 December 2016			
Cost	54,699	4,705	59,404
<u>Less</u> Allowance for impairment loss	-	-	-
Net book value	54,699	4,705	59,404
31 December 2015			
Cost	54,699	4,705	59,404
<u>Less</u> Allowance for impairment loss	-	-	-
Net book value	54,699	4,705	59,404

Investment properties are plots of land on Samui Island for which the management plans to formalise real estate projects in the future. The fair values of the investment properties amounting Baht 63.2 million have been determined based on valuations performed by an accredited independent valuer using comparative market price method under report dated 17 February 2015.

As at 31 December 2016 and 2015, the Company has mortgaged plots of land to secure the Company's loan facility, as described in Note 22.

## 17. Leasehold improvements and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Leasehold improvement	Kitchen equipment	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
<b>Cost:</b>							
31 December 2015	355,630	135,502	48,295	72,070	2,417	259	614,173
Additions	23,618	11,084	7,179	6,066	6,570	45,663	100,180
Disposals/write-off	(65,200)	(3,506)	(944)	(971)	(1,091)	(5,022)	(76,734)
Transfers	31,214	-	6,737	1,503	-	(39,454)	-
Decrease due to sale of subsidiary	(25,822)	(4,621)	(2,366)	(2,975)	-	-	(35,784)
Translation adjustment	(194)	(657)	(75)	(12)	-	-	(938)
31 December 2016	319,246	137,802	58,826	75,681	7,896	1,446	600,897
<b>Accumulated depreciation:</b>							
31 December 2015	75,638	46,917	21,720	38,563	1,817	-	184,655
Depreciation for the year	44,794	25,802	8,819	10,980	690	-	91,085
Depreciation on disposals/write-off	(28,349)	(1,749)	(578)	(635)	(1,090)	-	(32,401)
Decrease due to sale of subsidiary	(7,814)	(1,308)	(636)	(1,042)	-	-	(10,800)
Translation adjustment	16	(28)	8	(3)	-	-	(7)
31 December 2016	84,285	69,634	29,333	47,863	1,417	-	232,532
<b>Allowance for impairment loss:</b>							
31 December 2015	9,797	581	494	1,374	-	-	12,246
Increase during the year	35,204	228	166	373	-	-	35,971
Decrease during the year	(21,198)	(228)	(25)	-	-	-	(21,451)
31 December 2016	23,803	581	635	1,747	-	-	26,766
<b>Net book value:</b>							
31 December 2015	211,158	67,587	28,858	26,071	6,479	1,446	341,599
<b>Depreciation for the year</b>							
2016 (the balance in selling and administrative expenses)							91,085

(Unit: Thousand Baht)

	Consolidated financial statements					
	Leasehold improvement	Kitchen equipment	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress
						Total
<b>Cost:</b>						
31 December 2014	249,007	92,432	49,315	63,112	4,127	470,200
Additions	75,489	47,153	17,478	10,808	-	196,712
Disposals/write-off	(26,780)	(6,781)	(9,030)	(1,401)	(1,710)	(45,839)
Transfers	56,333	1,817	(555)	-	-	-
Transfer to assets held for sales	-	-	(9,263)	(622)	-	(9,885)
Translation adjustment	1,581	881	350	173	-	2,985
31 December 2015	355,630	135,502	48,295	72,070	2,417	614,173
<b>Accumulated depreciation:</b>						
31 December 2014	49,443	28,195	32,254	27,963	2,449	140,304
Depreciation for the year	36,043	21,006	6,517	11,893	340	75,799
Depreciation on disposals/write-off	(10,505)	(2,849)	(8,424)	(916)	(972)	(23,666)
Transfer to assets held for sales	-	-	(8,815)	(489)	-	(9,304)
Translation adjustment	657	565	188	112	-	1,522
31 December 2015	75,638	46,917	21,720	38,563	1,817	184,655
<b>Allowance for impairment loss:</b>						
31 December 2014	13,098	-	72	1,123	-	14,293
Increase during the year	7,005	581	819	384	-	8,789
Decrease during the year	(10,306)	-	-	-	-	(10,306)
Transfer to assets held for sales	-	-	(397)	(133)	-	(530)
31 December 2015	9,797	581	494	1,374	-	12,246
<b>Net book value:</b>						
31 December 2015	270,195	88,004	26,081	32,133	600	417,272
<b>Depreciation for the year</b>						
2015 (the balance in selling and administrative expenses)						75,799



(Unit: Thousand Baht)

**Separate financial statements**

	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
<b>Cost:</b>						
31 December 2015	14,474	12,265	5,012	1,118	-	32,869
Additions	526	2,073	2,637	6,571	29,470	41,277
Disposals/write-off	(14,474)	(237)	(222)	(1,091)	-	(16,024)
Transfer in (out)	20,897	6,737	1,503	-	(29,137)	-
31 December 2016	21,423	20,838	8,930	6,598	333	58,122
<b>Accumulated depreciation:</b>						
31 December 2015	8,755	10,962	4,391	1,118	-	25,226
Depreciation for the year	2,280	1,198	520	378	-	4,376
Depreciation on disposals/write-off	(9,836)	(237)	(222)	(1,091)	-	(11,386)
31 December 2016	1,199	11,923	4,689	405	-	18,216
<b>Allowance for impairment loss:</b>						
31 December 2015	-	-	-	-	-	-
Increase during the year	4,638	141	373	-	-	5,152
Decrease during the year	(4,638)	-	-	-	-	(4,638)
31 December 2016	-	141	373	-	-	514
<b>Net book value:</b>						
31 December 2016	20,224	8,774	3,868	6,193	333	39,392
<b>Depreciation for the year</b>						
2016 (the balance in administrative expenses)						4,376

	Separate financial statements					(Unit: Thousand Baht)
	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Total	
<b>Cost:</b>						
31 December 2014	14,474	19,028	4,971	1,613	40,086	
Additions	-	321	65	-	386	
Disposals/write-off	-	(7,084)	(24)	(495)	(7,603)	
31 December 2015	14,474	12,265	5,012	1,118	32,869	
<b>Accumulated depreciation:</b>						
31 December 2014	6,587	17,314	3,935	1,613	29,449	
Depreciation for the year	2,168	731	480	-	3,379	
Depreciation on disposals/write-off	-	(7,084)	(23)	(495)	(7,602)	
31 December 2015	8,755	10,961	4,392	1,118	25,226	
<b>Net book value:</b>						
31 December 2015	5,719	1,304	620	-	7,643	
<b>Depreciation for the year</b>						
2015 (the balance in administrative expenses)					3,379	

As at 31 December 2016, the subsidiaries had office equipment and vehicle under finance lease agreements with net book values amounting to Baht 6 million (2015: 1 million).

As at 31 December 2016 and 2015 certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 38 million and Baht 53 million, respectively (The Company only: Baht 22 million and Baht 28 million, respectively).

## 18. Goodwill

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2016	2015
Goodwill	308,046	308,046
Less: Impairment of goodwill	(94,736)	(51,000)
Net	213,310	257,046

Goodwill is resulted from the acquisition of the entire business of Food Group, including Domino's (Thailand) Co., Ltd., CBTL (Thailand) Co., Ltd. and Fenix Iron Fairies Co., Ltd. from Fico Foods Co., Ltd. on 26 November 2012. Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

For the purposes of assessing impairment, assets are grouped at the lowest level of each identifiable cash flow (cash-generating unit). The recoverable amount assessment is based on cash flow projection of business plan prepared by management.

Key assumptions used in the recoverable amount assessment include:

	2016	2015
EBITDA margin <sup>1</sup>	0.3% - 28.0%	9.6% - 24.8%
Growth rate <sup>2</sup>	0.0%	0.0% - 2.2%
Discount rate <sup>3</sup>	9.0%	9.0%

<sup>1</sup>Budgeted stabilised EBITDA margin.

<sup>2</sup>Weighted average growth rate used to extrapolate cash flows beyond the budget period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used reflect specific risks relating to the relevant segments.

Based on the assessment of the value of goodwill in the year 2015, the management has considered that there are changes in circumstances indicate that the allocated goodwill to CBTL (Thailand) Co., Ltd. totaling Baht 95 million has potential impairment. The management assessed that the recoverable amount of this cash-generating unit is less than the carrying amount therefore impairment loss of Baht 51 million was recognised in the statement of comprehensive income for the year ended 31 December 2015.

However, based on the change in business plan as at 31 December 2016, the Group's management considered that there is an indication that the allocated goodwill to CBTL (Thailand) Co., Ltd. may be impaired. The recoverable amount of this cash-generating unit is reassessed and the Group found that such recoverable amount is less than previously assessment. Therefore, impairment loss on goodwill of Baht 44 million was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2016 to reflect the recoverable amount based on the current circumstances.



## 19. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				
	Franchise	Customer loyalty	Computer software	Intangible assets under development	Total
<b>Cost</b>					
31 December 2015	61,663	4,861	18,439	4,324	89,287
Additions	4,800	-	1,015	5,298	11,113
Disposals	(1,745)	-	-	-	(1,745)
Transfer in (out)	-	-	9,294	(9,294)	-
Sale of subsidiary	-	-	(1,379)	-	(1,379)
Translation adjustment	-	-	-	(2)	(2)
31 December 2016	64,718	4,861	27,369	326	97,274
<b>Accumulated amortisation</b>					
As at 31 December 2015	18,132	523	11,760	-	30,415
Amortisation for the year	7,320	475	1,886	-	9,681
Disposals	(128)	-	-	-	(128)
Sale of subsidiary	-	-	(622)	-	(622)
Translation adjustment	43	(39)	37	-	41
31 December 2016	25,367	959	13,061	-	39,387
<b>Allowance for impairment loss</b>					
As at 31 December 2015	273	-	-	-	273
Increase (Decrease)	1,305	-	24	-	1,329
31 December 2016	1,578	-	24	-	1,602
<b>Net book value:</b>					
31 December 2015	43,258	4,338	6,679	4,324	58,599
31 December 2016	37,773	3,902	14,284	326	56,285

(Unit: Thousand Baht)

## Consolidated financial statements

	Franchise	Customer loyalty	Computer software	Intangible assets under development	Total
<b>Cost</b>					
31 December 2014	53,001	4,441	20,517	105	78,064
Additions	8,195	-	2,929	4,219	15,343
Disposals	-	-	(5,092)	-	(5,092)
Translation adjustment	467	420	85	-	972
31 December 2015	61,663	4,861	18,439	4,324	89,287
<b>Accumulated amortisation</b>					
As at 31 December 2014	11,683	-	14,122	-	25,805
Amortisation for the year	6,412	495	2,510	-	9,417
Disposals	-	-	(4,986)	-	(4,986)
Translation adjustment	37	28	114	-	179
31 December 2015	18,132	523	11,760	-	30,415
<b>Allowance for impairment loss</b>					
As at 31 December 2014	-	-	-	-	-
Increase	273	-	-	-	273
31 December 2015	273	-	-	-	273
<b>Net book value:</b>					
31 December 2014	41,318	4,441	6,395	105	52,259
31 December 2015	43,258	4,338	6,679	4,324	58,599

(Unit: Thousand Baht)

## Separate financial statements

	Computer software	Intangible assets under development	Total
<b>Cost</b>			
31 December 2015	8,822	4,324	13,146
Additions	-	5,298	5,298
Transfer in (out)	9,294	(9,294)	-
31 December 2016	18,116	328	18,444
<b>Accumulated amortisation</b>			
31 December 2015	8,758	-	8,758
Amortisation for the year	460	-	460
31 December 2016	9,218	-	9,218
<b>Allowance for impairment loss</b>			
31 December 2015	-	-	-
Increase	24	-	24
31 December 2016	24	-	24
<b>Net book value:</b>			
31 December 2015	64	4,324	4,388
31 December 2016	8,874	328	9,202

(Unit: Thousand Baht)

## Separate financial statements

	Computer software	Intangible assets under development	Total
<b>Cost</b>			
31 December 2014	11,300	-	11,300
Additions	-	4,324	4,324
Disposals	(2,478)	-	(2,478)
31 December 2015	8,822	4,324	13,146
<b>Accumulated amortisation</b>			
31 December 2014	11,216	-	11,216
Amortisation for the year	20	-	20
Disposals	(2,478)	-	(2,478)

## 20. Leasehold right of land

The net book value of leasehold right of land as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	185,749	185,749	82,449	82,449
<u>Less</u> Accumulated amortisation	(40,285)	(33,517)	(23,584)	(20,858)
<u>Less</u> Allowance for impairment loss	(6,000)	(6,000)	(3,500)	(3,500)
Net book value	139,464	146,232	55,365	58,091
Net book value at beginning of year	146,232	152,868	58,091	60,694
Amortisation	(6,768)	(6,636)	(2,726)	(2,603)
Net book value at end of year	139,464	146,232	55,365	58,091

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.

As at 31 December 2015, the leasehold right of land owned by Fena Park Co., Ltd. (a subsidiary) with net book value of Baht 88 million is used as collateral for the Company's credit loan facility of Baht 150 million by way of assignment of such leasehold right to a financial institution, as described in Note 22.

As at 31 December 2016, the Company has fully repayment of the loan.



## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		Financial statements	
	2016	2015	2016	2015
Trade payables - unrelated parties	50,257	52,340	-	-
Other payables - unrelated parties	42,870	73,002	6,338	1,684
Other payables - related parties	741	1,660	26	1,243
Retention payables	1,640	1,429	1,640	740
Accrued expenses	29,373	36,696	12,314	2,594
Accrued interest expenses	5,030	462	5,030	461
<b>Total trade and other payables</b>	<b>129,911</b>	<b>165,589</b>	<b>25,348</b>	<b>6,722</b>

## 22. Long-term loans from banks

Movements of the long-term loans accounts for the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	96,158	94,977
Repayment	(96,158)	(94,977)
<b>Balance as at 31 December 2016</b>	<b>-</b>	<b>-</b>

Loan	Interest rate (% per annum)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			2016	2015	2016	2015
1	MLR - 0.35% p.a.	48 monthly installments, commencing 27 November 2013*	-	94,977	-	94,977
2	MLR	27 monthly installments, commencing 11 February 2013	-	1,181	-	-
<b>Total</b>			<b>-</b>	<b>96,158</b>	<b>-</b>	<b>94,977</b>
<b>Less: Current portion</b>			<b>-</b>	<b>(51,581)</b>	<b>-</b>	<b>(50,400)</b>
<b>Non-current portion</b>			<b>-</b>	<b>44,577</b>	<b>-</b>	<b>44,577</b>

Note : \* The first of principal repayment will be in the 13<sup>th</sup> month from the date of first drawdown

The loans of the Company are secured by the mortgage of land of the Group, leasehold right of land of the Group as described in Note 15, 16 and 20, and the pledge of ordinary shares of subsidiaries - Evolution Advisors Limited and Fena Park Co., Ltd. as described in Note 12 and a joint guarantee by Domino's (Thailand) Co., Ltd., CBTL (Thailand) Co., Ltd. and the Company's directors.

Pursuant to this loan agreement, the Company was required by the lender to open the Reserve Account and pledge a guarantee deposit by reserving not less than 3 months of interest payable to the lender.

The loan of a subsidiary is guaranteed by the subsidiary's directors.

On 29 November 2016, the Company and the subsidiary had fully repayment of the loan.

### **23. Current portion of long-term loan from unrelated party**

With regards to the business acquisition on 26 November 2012, the Company has issued the promissory note with a principal amount of Baht 57.5 million and a maturity date of 3 years from the acquisition date of the transaction bearing an interest rate of 7.5% per annum, which interest is payable on a monthly basis to the seller. In relation to the shares transfer of Fenix Iron Fairies Co., Ltd., there is an operational guarantee of up to Baht 60 million in aggregate of EBITDA (Earnings before Interest, Tax, Depreciation, and Amortisation) for the financial years 2013 and 2014.

The Company accepted of the final settlement amount for all guarantee obligations from Fena Asset Co., Ltd. who is the guarantor under Share Purchase Agreement of this business acquisition transaction in November 2012. The final settlement on EBITDA shortfall of Fenix Iron Fairies Co., Ltd. in the amount Baht 7 million is recognized as other income in the statement of comprehensive income for the year ended 31 December 2015.

The Company received a grant from an unrelated party who is promissory note's holder accepted the waiver on a default of the promissory note and agreed to provide the extension of the maturity date of such promissory note for a period of 12 months from the original maturity date on 26 November 2015. During the year 2016, the Company fully repaid the promissory note including the interest.

## 24. Debentures

Pursuant to the Extraordinary General Meeting of Shareholder No. 1/2016 of the Company held on 14 June 2016 resolved the issuance of the debentures in an amount of not exceeding Baht 1,300 million for the purpose to finance the expansion of the Company's business.

On 11 August 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) and the principal will be redeemed on 11 May 2018. The debentures bear interest at a fixed rate of 6.00 percent per annum, payable every 3 months throughout the life of the debentures.

Movements in the debenture account during the year ended 31 December 2016 were summarised below.

	(Unit: Thousand Baht) Consolidated financial statements / Separate financial statements
Balance as at 1 January 2016	-
Add: Issuance	600,000
Amortisation of deferred debenture issuing cost	3,409
Less: Deferred debenture issuing costs	(15,232)
Balance as at 31 December 2016	588,177

The debenture agreement contains covenants as specific in the agreements that

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<b>Provisions for long-term employee</b>				
<b>at beginning of year</b>	2,291	1,314	1,094	892
Included in profit or loss:				
Current service cost	1,027	935	1,096	176
Interest cost	73	42	53	26
Included in other comprehensive income:				
Actuarial gains arising from				
Demographic assumptions changes	(122)	-	(44)	-
Financial assumptions changes	270	-	174	-
Experience adjustments	(1,593)	-	(1,068)	-
Benefits paid during the year	-	-	-	-
<b>Provisions for long-term employee</b>				
<b>benefits at end of year</b>	1,946	2,291	1,305	1,094

All expenses of long-term employee benefit are included in selling and administrative expenses.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 11 years (separate financial statements: 11 years) (2015: consolidated financial statements: 16 years, separate financial statements: 25 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	%	%	%	%
Discount rate	3.0	3.4	3.0	3.4
Salary increase rate	3.0 to 8.0	1.0 to 8.0	3.0 to 8.0	1.0 to 8.0
Turnover rate	25	22	25	22



The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(140)	160	(84)	94
Salary increase rate	157	(141)	92	(85)

## 26. Share capital

	(Unit: Thousand Baht)		
	Consolidated and separate financial statements		
	Registered share capital	Issued and paid-up share capital	Share premium
As at 1 January 2016	2,887,154	1,959,269	519,510
Increase due to exercise of warrants	-	38	19
As at 31 December 2016	2,887,154	1,959,307	519,529
As at 1 January 2015	2,350,000	1,654,053	491,942
Increase of registered share capital	537,154	-	-
Issue of shares	-	275,675	27,568
Increase due to exercise of warrants	-	29,541	-
As at 31 December 2015	2,887,154	1,959,269	519,510

On 2 February 2016, the Company received payment for the exercise of warrants to purchase the Company's ordinary shares No. 4 ("FC-W4") as detailed below.

Date of exercise	Quantity of exercised warrants (Units)	Conversion ratio (Warrant : share)	Ordinary shares		Date that the Stock Exchange of Thailand approved ordinary shares as listed securities
			issued for exercised warrants (Shares)	Exercise price (Baht)	
2 February 2016	376,200	10 : 1	37,615	1.50	24 February 2016

The Company registered the increase in the issued and paid-up capital from Baht 1,959,269,063, divided into 1,959,269,063 ordinary shares with a par value of Baht 1 per share to the new issued and paid-up capital of Baht 1,959,306,678, divided into 1,959,306,678 ordinary shares with a par value of Baht 1 per share with the Ministry of Commerce on 17 February 2016.

## 27. Warrants

As at 31 December 2016, the Company's warrants are as follows:

Type of warrant	Exercise price per share	Exercise ratio (Warrant : share)	Number of warrants outstanding as at 1 January 2016	Number of warrants exercised during the period	Number of warrants outstanding as at 31 December 2016	Term of warrant
FC-W1 <sup>(1)</sup>	1.408	1:1.065	347,000,000	-	347,000,000	23 December 2010 - 22 December 2020
FC-W2	2.00	1:1.00	261,750,000	-	261,750,000	9 January 2013 - 22 December 2020
FC-W4 <sup>(2)</sup>	1.50	10:1.00	2,205,403,790	(376,200)	-	Expired

(1) The Company adjusted for the exercise price and conversion ratio of FC-W1 effective from 3 December 2012

(2) FC-W4 was expired on 2 February 2016.

During the year ended 31 December 2016, there are no warrants exercised for FC-W1 and FC-W2.

The Stock Exchange of Thailand has changed warrants symbol to conform with the change in the Company's ticker symbol with effective from 28 June 2016.

## 28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for dividend distribution.

## 29. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	259,518	269,802	39,892	32,421
Depreciation and amortization	110,944	91,853	10,971	6,002
Rental and service expenses from operating lease agreements	153,395	142,113	7,956	3,384
Professional fees	26,342	19,529	19,596	11,383
Advertising and promotional expenses	27,333	37,346	-	-
Bad debts and doubtful accounts	54,148	4,596	57,598	31,706
Impairment loss on investment	-	-	201,800	27,885
Impairment loss on assets	27,687	13,662	514	-
Impairment loss on goodwill	43,736	51,000	-	-
Contingent consideration	-	66,100	-	66,100
Raw materials and consumables used	233,490	240,558	-	-
Loss on sale of investment in subsidiary	2,294	-	59,000	-

## 30. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	-	1,424	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(13,315)	43,527	-	-
<b>Income tax expense (revenue) reported in the statements of comprehensive income</b>	<b>(13,315)</b>	<b>44,951</b>	<b>-</b>	<b>-</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting loss before tax	(467,991)	(262,391)	(350,795)	(122,798)
Applicable tax rate of the Company	3% and 20%	3% and 20%	20%	20%
Accounting loss before tax multiplied by applicable tax rate	(93,598)	(52,478)	(70,159)	(24,559)
Effects of preparing the consolidated financial statements	(2,638)	10,633	-	-
Share of (gain) loss from investments in associates and joint ventures	153	(5,316)	-	-
Effect of different tax rate	10,969	(26,183)	-	-
Reversal of previously deferred tax assets because future taxable profits may not be sufficient	-	44,510	-	-
Proceeds from sale of investment in subsidiary	5,567	-	-	-
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	54,088	68,516	66,890	23,905
Effects of:				
Non-deductible expenses	12,144	5,269	3,269	654
Income tax expenses (revenue) reported in the statement of comprehensive income	(13,315)	44,951	-	-



The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Provision for reinstatement cost	3,031	625	-	-
Provision for long-term employee benefits	128	239	-	-
Fair value adjustment arising on business combination	208	296	-	-
Unused tax loss	18,985	8,136	-	-
<b>Total</b>	<b>22,352</b>	<b>9,296</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities</b>				
Other investment	12,338	12,338	-	-
Fair value adjustment arising on business combination	6,659	6,918	-	-
<b>Total</b>	<b>18,997</b>	<b>19,256</b>	<b>-</b>	<b>-</b>

As at 31 December 2016 and 2015, the Group has deductible temporary differences and unused tax losses totaling Baht 981 million and Baht 724 million, respectively (the Company only: Baht 153 million and Baht 85 million respectively), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2016, the unused tax losses amounting to Baht 930 million will expire by 2020 (2015: Baht 669 million will expire by 2019).

### 31. Discontinued operation

The board of directors meeting No.3/2015 as at 14 August 2015 approved the closure of Monster Media Co., Ltd. and Photome.com Co., Ltd., subsidiaries of the Company which conducted the digital media business for the reason that the Company would like to focus on its core business. In addition, Photome.com Co., Ltd. registered its dissolution with the Ministry of Commerce on 30 September 2015. The operation of Monster Media Co., Ltd. and Photome.com Co., Ltd. are classified as a discontinued operation, and their operating performance for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	2016	2015
<b>Revenues</b>		
Service income	-	3,460
Other income	-	121
<b>Total revenues</b>	-	3,581
<b>Expenses</b>		
Cost of service	-	1,823
Selling expenses	-	4
Administrative expenses	-	11,785
<b>Total expenses</b>	-	13,612
<b>Loss for the year from discontinued operation</b>	-	(10,031)

**Basic earnings per share for discontinued operations (Baht/shares)**

Loss for the year from discontinued operation	-	(0.005)
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**Diluted earnings per share for discontinued operations (Baht/shares)**

Loss for the year from discontinued operation	-	(0.005)
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Net cash flow of Monster Media Co., Ltd. and Photome.com Co., Ltd. for years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Operating activities	-	777
Investing activities	-	146
Net increase (decrease) in cash	-	923

### 32. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year 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 year or on the date the potential ordinary shares were issued.

Basic earnings per share is calculated below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Loss for the period from continuing operations	(423,361)	(269,660)	(350,795)	(122,798)
Profit (loss) for the period from discontinued operations	-	(10,031)	-	-
Loss attributable to equity holders of the Company	(423,361)	(279,691)	(350,795)	(122,798)
Weighted average number of ordinary shares (Thousand shares)	1,959,302	1,928,787	1,959,302	1,928,787
Basic earnings per share (Baht/share)	(0.22)	(0.15)	(0.18)	(0.06)
Basic earnings per share for continuing operations (Baht/share)	(0.22)	(0.14)		

There is no disclosure of diluted earnings per share for the year ended 31 December 2016 and 2015 since the exercise price of the warrants was higher than the average market price of the ordinary shares.

### 33. 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 year, 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

No operating segments have been aggregated to form the above reportable operating segments.

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.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group' operating segments for the years ended 31 December 2016 and 2015, respectively.



(Unit: Thousand Baht)

For the years ended 31 December

	Business advisory services, investment and property development consulting services				Property development		Consolidation	
	Food and beverage operations		2016		2015	2016	2015	2016
Revenue	2016	2015	2016	2015	2015	2016	2015	2016
Cost of sales, services and advisory	672,308	699,473	11,281	28,925	-	-	683,589	728,398
	(252,865)	(258,680)	-	-	-	-	(252,865)	(258,680)
Gross profit	419,443	440,793	11,281	28,925	-	-	430,724	469,718
Other income	15,431	21,523	14,074	18,114	89	42	29,594	39,679
Profit from reclassification of investment	-	-	-	-	-	158,379	-	158,379
Selling and administrative expenses	(560,867)	(609,015)	(210,183)	(179,525)	(18,057)	(11,822)	(789,107)	(800,362)
Share of profit (loss) from investments in associates	763	(444)	-	-	-	(7,958)	763	(8,402)
Profit/(loss) before depreciation and amortisation, financial costs and income tax	(125,230)	(147,143)	(184,828)	(132,486)	(17,968)	138,641	(328,026)	(140,988)
Depreciation and amortisation	(97,143)	(80,030)	(7,551)	(6,009)	(4,145)	(4,034)	(108,839)	(90,073)
Loss before financial costs and income tax	(222,373)	(227,173)	(192,379)	(138,495)	(22,113)	134,607	(436,865)	(231,061)
Financial costs							(31,126)	(21,299)
Loss before income tax revenue (expenses)							(467,991)	(252,360)
Income tax revenue (expense)							13,315	(44,951)
Loss for the year from continuing operations							(454,676)	(297,311)

## Geographic information

	(Unit: Thousand Baht)			
	Revenue*		Non-current assets**	
	2016	2015	2016	2015
Thailand	593,919	625,452	1,137,420	1,280,719
Cambodia	78,389	74,021	62,063	63,488
Others	11,281	28,925	630,452	682,038
Total	683,589	728,398	1,829,935	2,026,245

\* 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)

### Major customers

For the years 2016 and 2015, the Group has no major customer with revenue of 10% or more of an entity's revenues.

## 34. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rates of 3% - 8% of basic salary (2015: at the rates of 3% - 15% of basic salary). The fund, which is managed by Tisco Asset Management Limited and TMB Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 2 million (2015: Baht 3 million) were recognised as expenses.

## 35. Commitment and contingent liabilities

### 35.1 Capital commitments

As at 31 December 2016, 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 (2015: Baht 76 million).

As at 31 December 2016, the Company and its subsidiary had capital commitments of approximately Baht 1.2 million, in respect of installation of leasehold improvement, machinery and building construction (2015: Baht 0.6 million).

## 35.2 Operating lease and service commitments

The Group entered into several operating leases agreements in respect of the lease of land, unit of building for offices and restaurants, office equipment and related service agreements. The terms of the agreements are generally between 3 and 30 years.

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	
	2016	2015	2016	2015
Land lease payable:				
In up to 1 year	6.3	6.1	0.4	0.4
In over 1 up to 5 years	26.5	26.2	1.7	1.7
In over 5 years	121.3	127.9	4.1	4.6

	(Unit: Million)					
	Consolidated				Separate	
	financial statements				financial statements	
	2016		2015		2016	2015
	Baht	USD	Baht	USD	Baht	Baht
Building and equipment lease payable:						
In up to 1 year	91.1	0.4	123.0	0.4	13.4	1.9
In over 1 up to 5 years	68.1	0.9	131.5	1.2	20.6	0.1
In over 5 years	-	0.1	-	0.1	-	-

## 35.3 Commitment related to franchise agreements

- 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 10 May 2012.
- 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 15 July 2011.

- 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 1 October 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 4 December 2014.

### **35.4 Commitment related to management service agreement**

Subsidiaries - Domino's (Thailand) Company Limited, CBTL (Thailand) Company Limited, Fenix Iron Fairies Company Limited have commitments in respect to management service agreement with a related company for the period of 10 years ending 31 December 2021 with the service fees of Baht 1.2 million per year.

### **35.5 Guarantees**

As at 31 December 2016, 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.



### 35.6 Litigations

As of December 31, 2016, the Company and its subsidiary had unresolved 2 litigations cases from its regular business operations as follows;

- 1) On 5 August 2015, one of a company as the plaintiff filed a lawsuit against Fenix Iron Fairies Company Limited (subsidiary), in order to force the subsidiary to remove its properties and the dependents from the leased premise and also claim for damages amount of Baht 58 million. The subsidiary filed the statement of defense that the termination is not effective. In addition, the subsidiary also filed a lawsuit against such plaintiff to claim for damages amount of Baht 18 million. However, on 26 April 2016, the plaintiff and the subsidiary have agreed to enter into the Compromise Agreement, provided that the subsidiary agreed to return the leased premise to the plaintiff and the plaintiff also agreed to return the security deposit according to the Lease Agreement and Service Agreement to the subsidiary in full amount. The plaintiff and the subsidiary have proposed such Compromise Agreement to the Bangkok South Civil Court for its consideration, and the court has considered such Compromise Agreement that such Compromise Agreement is legally binding. Thus, the court has issued a judgment based on such Compromise Agreement.
- 2) On 28 August 2015, one of a company as the plaintiff filed an arbitral dispute against the Company to claim for the outstanding service fee amount of Baht 1 million, including the penalty interest at the rate of 15% per annum. The Company filed the statement of defense that such plaintiff failed to comply with the agreement and the case is currently under the arbitration process.

### 36. Fair value hierarchy

As at 31 December 2016, the Group had the assets that were measured at fair value using different levels of inputs as follows.

				(Unit: Million Baht)
				Consolidated financial statements
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	63	-	63

## **37. Financial instruments**

### **37.1 Financial risk management**

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and borrowings with interest. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

**Consolidated financial statements as at 31 December 2016**

	Fixed interest rate		Floating	Non-		Interest
	Within	1-5	interest	interest		rate
	1 year	years	rate	bearing	Total	
	(Million Baht)					(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	297	3	300	0.1% - 0.75%
Trade and other receivables	-	-	-	11	11	-
Accrued income	-	-	-	5	5	-
Short-term loan to unrelated party	-	-	-	5	5	-
Share receivable	-	-	-	36	36	-
	-	-	297	60	357	
<b>Financial liabilities</b>						
Bank overdraft	-	-	2	-	2	MOR
Trade and other payables	-	-	-	130	130	-
Short-term loans from unrelated parties	4	-	-	-	4	7.5% , 15%
Debentures	-	588	-	-	588	6%
Liabilities under finance lease agreements	1	4	-	-	5	5.05%
Long-term loans from related parties	-	159	-	-	159	1%, 7.5%
	5	751	2	130	888	

**Consolidated financial statements as at 31 December 2015**

	Fixed interest rate		Floating	Non-		Interest
	Within	1-5	interest	interest		rate
	1 year	years	rate	bearing	Total	
	(Million Baht)					(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	84	22	106	0.05 - 0.375%
Trade and other receivables	-	-	-	35	35	-
Accrued income	-	-	-	14	14	-
Short-term loan to unrelated party	-	-	-	5	5	-
Restricted bank deposits	-	-	3	-	3	0.5%
	-	-	87	76	163	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	165	165	-
Short-term loans from unrelated parties	4	-	-	-	4	7.5%, 15%
Short-term loans from related party	-	-	-	3	3	-
Long-term loans from banks	-	-	96	-	96	MLR and MLR-0.35%,
Long-term loan from unrelated party	58	-	-	-	58	7.5%
Long-term loans from related parties	-	151	-	-	151	1%, 7.5%
Liabilities under finance lease agreements	-	1	-	-	1	5.01%
	62	152	96	168	478	

## Separate financial statements as at 31 December 2016

	Fixed interest rate		Floating	Non-		
	Within	1-5	interest	interest		Interest
	1 year	years	rate	bearing	Total	rate
	(Million Baht)					(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	250	3	253	0.10-0.375%
Trade and other receivables	-	-	-	39	39	-
Accrued income	-	-	-	3	3	-
Short-term loan to related parties	-	-	515	-	515	7.5%, MLR-3%, 3.85-3.975%, MLR+0.5%, MLR+1%
Long-term loans to related parties	-	101	-	-	101	12.5-12.625%
	-	101	765	75	911	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	25	25	-
Debentures	-	588	-	-	588	6%
Liabilities under finance lease agreements	1	4	-	-	5	5.05%
Long-term loans from related parties	-	159	-	-	159	1%, 7.5%
	1	751	-	25	777	

## Separate financial statements as at 31 December 2015

	Fixed interest rate		Floating	Non-		
	Within	1-5	interest	interest		Interest
	1 year	years	rate	bearing	Total	rate
	(Million Baht)					(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	1	13	14	0.10-0.375%
Trade and other receivables	-	-	-	29	29	-
Accrued income	-	-	-	12	12	-
Short-term loan to related parties	-	-	415	-	415	7.5%, MLR-3%, 3.85-3.975%, MLR+0.5%, MLR+1%
Restricted bank deposits	-	-	3	-	3	0.375%
Long-term loans to related parties	-	95	-	-	95	12.5-12.625%
	-	95	419	54	568	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	7	7	-
Long-term loans from banks	-	-	95	-	95	MLR-0.35%
Long-term loan from unrelated party	58	-	-	-	58	7.5%
Long-term loans from related parties	-	151	-	-	151	1%, 7.5%
	58	151	95	7	311	



### ***Foreign currency risk***

The Group has no significant exposure to foreign exchange risk. As a result, the Group considers that it is not necessary to use derivative financial instruments to hedge such risk since management believes that future movements in market foreign exchange will not materially affect the Group's operating results.

### **37.2 Fair values of financial instruments**

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **38. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.7:1 (2015: 0.3:1) and the Company's was 0.5:1 (2015: 0.2:1).

### **39. Sale of subsidiaries**

In August 2016, the Company sold all of investments in Mr. Jones International Company Limited, subsidiary, to third party in the amount of Baht 27 million. The valuation of the assets and liabilities of such subsidiary at the selling date was as follows:

	(Unit: Baht)
Cash and cash equivalents	1,185,462
Trade and other receivables	1,133,450
Inventories	1,927,694
Other current assets	1,995,879
Leasehold improvements and equipment	24,983,374
Intangible assets	757,434
Deferred tax assets	65,840
Other non-current assets	5,926,484
Trade and other payables	(2,391,736)
Short-term loans from related parties	(5,000,000)
Other current liabilities	(288,173)
Other non-current liabilities	(1,001,217)
Net assets	<u>29,294,491</u>
Cash received from disposal of investments in subsidiary	27,000,000
Less: Cash and cash equivalents of subsidiary	<u>(1,185,462)</u>
Net cash flows from sale of subsidiary	<u>25,814,538</u>

#### 40. Events after the reporting period

40.1 The Extraordinary General Meeting of Shareholders No. 1/2017 held on 28 February 2017 has resolved on the following matters:

- 1) Approved the decrease of the registered capital of the Company from Baht 2,887,153,921 to Baht 2,590,611,678 by cancelling the Company's registered ordinary shares reserved for (1) the adjustment of rights for warrants to purchase ordinary shares of the Company No. 1 (FC-W1) of 21,738,529 shares with a par value of Baht 1 per share, (2) the adjustment of rights for warrants to purchase ordinary shares of the Company No. 2 (FC-W2) of 15,397,059 shares with a par value of Baht 1 per share (3) reserved for the exercise of warrants to purchase ordinary shares of the Company No. 3 (FC-W3) in the number of 38,903,891 shares with a par value of Baht 1 per share, and (4) reserve for the exercise of warrants to purchase ordinary shares of the Company No. 4 (FC-W4) in the number of 220,502,764 shares with a par value of Baht 1 per share due to the expiration of the exercise period of warrants to purchase ordinary shares of FC-W3 and FC-W4. Following the capital decrease, the Company's registered capital shall be equivalent to Baht 2,590,611,678 and the paid-up capital shall be equivalent to Baht 1,959,306,678. The portion of the capital which has not been paid-up is reserved for the exercise of FC-W1 and FC-W2.

- 2) Approved the capital increase up to Baht 587,792,002, from Baht 2,590,611,678 to Baht 3,178,403,680 by issuing of the newly issue ordinary shares of Baht 587,792,002 with a par value of Baht 1 per share to reserve for the General Mandate. The Board of Directors have been received the authorization to determine details and conditions of the issue and offer of newly issued ordinary shares, including authority to sign any related documents and agreements, perform any action necessary and appropriate for the issue and offer of newly issued ordinary shares, and register the newly-issued ordinary shares as listed securities with the Stock Exchange of Thailand.
- 3) Approved the allocation of the newly issue share of up to 587,792,002 shares with a par value of Baht 1 per share under the General Mandate which will be allotted to (1) allotment of newly issued ordinary shares not exceeding 391,861,335 shares (20% of the Company's paid-up capital on the date that the Board of Directors resolves to increase capital under a general mandate) to the existing shareholders; and (2) allotment of newly issued ordinary shares of not exceeding 195,930,667 shares (10% of the Company's paid-up capital on the date that the Board of Directors resolves to increase capital under a general mandate) to specific persons. The Board of Directors is authorized to consider and determine whether share allocation shall be made once or several time and whether shares shall be offered to any group before others or offered to all groups together at the same time, and to determine offer price, offer period, and other details and conditions relating to the allotment of newly issued shares. The Company shall completely allocate the newly issued shares either by the date of the next annual general meeting or by the date required by law to hold the next annual general meeting, whichever occurs earlier. Following the allotment of newly-issued shares under (1) and (2) above, the total increase in paid-up capital must not be more than 30% of paid-up capital as of the date that the Company's Board of directors approved the capital increase or not exceeding 587,792,002 shares.

40.2 On 24 February 2017, the Company entered into a Share Sale and Purchase Agreement to acquire the entire shares of G Enterprise and Co Company Limited (G Enterprise) shareholders, 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 existing unrelated with a consideration price of not exceeding Baht 121.8 million. G Enterprise is engaged in restaurant business under tradenames "Chingcha Chalee", "Moommum Park", "Umami Fallabella" and "Pirate CHambre".

As of 25 February 2017, the Company paid the first installment of consideration paid of Baht 29.8 million in which the outstanding balance of Baht 92 million will be paid under the terms and conditions pursuant to the Share Sale and Purchase Agreement.

#### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 1 March 2017.



**Appendix 1 - President, Directors and Executive Management Background as of 31 December 2016**

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
1	Mr. Krit Srichawla	39	<u>Master Degree</u> MBA. American University of Hawaii  <u>Bachelor Degree</u> BBA. American University of Hawaii, USA	6.50% (127,352,000 shares)	Son of Mr. Akradej Srichawla	Jul 2016 - Present 2012 – Jun 2016  1994 - Present	Executive Chairman Chairman of the Board of Director  President	Food Capitals PCL.  Food Capitals PCL.  Fico Corporation Co., Ltd.
2	Mr. Tarakorn Angpubate	52	<u>Master Degree</u> MBA Financial and Marketing, Sasin Graduate Institute of Business Administration of Chulalongkorn University  <u>Bachelor Degree</u> Bachelor of Engineering (Computer Engineering), Chulalongkorn University	3.01% (59,000,000 shares)	-	Jul 2016 - Present  2015 – Present 2014 - Present 2013 - 2014 2011 - 2014 2012 – 2013 2010 – 2011 2007 - 2010	Executive Director / Chief Executive Officer  Independent Director Managing Director Director Director President Managing Director Managing Director	Food Capitals PCL.  Kiattana Transport PCL. 998 Plus Co., Ltd. Government Housing Bank Airports of Thailand PCL. Islamic Bank of Thailand Easy Topup Co., Ltd. McThai Co., Ltd.
3	Mr. Sanjay Singh	55	<u>Bachelor Degree</u> Bachelor of Technology, Banaras Hindu University, India	0.67% (13,155,580 shares)	-	2012 - Present 2012 – Jun 2016 2010 - Present  2008 - 2010	Director Chief Executive Officer Managing Director  Director/ Executive Vice President - Real Estate Investment	Food Capitals PCL. Food Capitals PCL. Fico Corporation Co., Ltd. - Hospitality/Property Development/Trading  Capital Advisory Services (Thailand) Ltd. - Real Estate Management
4	Mr. Witit Sujjapong	62	<u>Master Degree</u> M.S. in Economics, Hitotsubashi University, Japan  <u>Bachelor Degree</u> B.S. in Economics, Hitotsubashi University, Japan Thai Institute of Directors - Director Certification Program (DCP57)	0.04% (700,000 shares)	-	2006 – Present  2005 – Present  2006 – Present	Chairman of Audit Committee/ Independent Director  Audit Committee /Director  Director	Food Capitals PCL.  Easy Buy PCL. - Consumer Finance  Advanced Concept Plating Co., Ltd. - Electronic parts manufacturer

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/ management	Past 5 Years Experiences		
						Period	Position	Company/Business
5	Mr. Krish Dettar	47	<u>Bachelor Degree</u> University of Southern California, Los Angeles, U.S.A.  Thai Institute of Directors - Director Certification Program (DCP)	0.04% (726,862 shares)	-	2007 - Present	Audit Committee /Independent Director	Food Capitals PCL.
						2007 - Present	Managing Director	Espy Capital Co., Ltd. -Importing Sanitary ware
						2002 - 2006	Vice President, Head of Capital Markets Department	SCB Securities Co., Ltd. - Investment Banking
6	Mr. Viroj Tangjetanaporn	55	<u>Bachelor Degree</u> Bachelor in Finance, University of New South Wales, Australia Thai Institute of Directors - Director Accreditation Program (DAP)/ Audit Committee Programme (ACP)	-	-	2012 - Present	Audit Committee /Independent director	Evolution Capital PCL.
						2011 - Present	Director	PropMaxx Co., Ltd.
						2007 - Present	Chairman of Audit Committee/ Independent Director	UOB Kay Hian Securities (Thailand) PCL - Investment Banking
7	Mr. Akarat Na Ranong	62	<u>Master Degree</u> Business Administration (Management), Marshall University, U.S.A.  <u>Bachelor Degree</u> Economics, Chulalongkorn University	-	-	2013 - Present	Director	Food Capitals PCL.
						2011 - Present	Lecturer	Mahidol University - College of Music
						2011 - Present	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee	Krungthai Card PCL. - Consumer Finance
						2011 - Present	Independent Director / Audit Committee	Finansa PCL. - Financial Advisory and Management
						2011 - Present	Independent Director / Audit Committee	Finansa Securities Co., Ltd. - Investment Banking
						2011 - Present	Independent Director / Audit Committee	Finansa Asset Management Co., Ltd. - Fund Management
						2010 - Present	Independent Director / Chairperson of the Audit Committee	Matching Maximize Solution PCL - Media & Publishing
8	Mr. Akradej Srichawla	63	Seventh Day Adventist School	5.49% (107,601,200 shares)	Father of Mr. Krit Srichawla	Mar 2016 - Present	Director	Food Capitals PCL.

No	Name / Surname	Age	Education	Percentage of Shares	Relationship between director/management	Past 5 Years Experiences		
						Period	Position	Company/Business
9	Mr. Thosaphol Pengsom	54	<u>Master Degree</u> Master of Art in Criminal Justice Administration  <u>Bachelor Degree</u> I.L.B., Ramkhamhang University	-	-	June 2016 - Present	Director	Food Capitals PCL.
						2016 - Present	Lawyer	Bangbuathong Law office (Owner)
10	Mr. Marut Chalotorn	39	<u>Master Degree</u> - Japan Maritime Self-Defense Force - Naval Command and Staff College (The equivalent of a Master Degree)  <u>Bachelor Degree</u> Electrical engineering, National Defense Academy(NDA), Japan	-	-	Nov 2016 - Present	Independent Director	Food Capitals PCL.
						2016 - Present	Chief Operation Officer	Foodinnopolis, Ministry of Science and Technology
						2014 - Present	Executive Director	Food innovation and packaging center, Chiang Mai University
						2013 - Present	Consultant	National Innovation Agency (Public Organization)
						2012 - Present	Chief Executive Officer	Group company of HAK
						2011 - Present	Director	Siam Nippon Parking Solutions co. Ltd.
11	Mr. Anthony Leong Foo Gunn	58	Diploma, Cornell University School of Administration – Management Development Program (Singapore)	-	-	Jul 2016 - Present	Chief Operation Officer	Food Capitals PCL.
						2012 - 2013	Consulting – Restaurant business	Yum Asia Franchise Pte.Ltd.
						2010 - 2011	Chief Operation Officer	Yum Restaurants International (Thailand) Co., Ltd.
12	Mr. Teera Mongkongkachit	50	<u>Master Degree</u> MBA, Middle Tennessee state University  <u>Bachelor Degree</u> BBA, Assumption University	-	-	Sep 2016 - Present	General Manager	Food Capitals PLC.
						2015 - 2016	General Manager	Oakley (Thailand) Co., Ltd.
						2013 - 2015	Associate Director Marketing	Yum Restaurants International (Thailand) Co., Ltd.
13	Mr. Pitch Manakijpairoj	37	<u>Master Degree</u> Master of Commerce and Accountancy, Chulalongkorn University  <u>Bachelor Degree</u> Bachelor of Accountancy, Bangkok University	0.00% (100 shares)	-	2009 - Present	Vice President – Accounting and Finance	Food Capitals PLC.
14	Ms. Duanghatai Thammasatit	38	<u>Master Degree</u> - Master of Applied Finance, Sydney Australia - Master of Accountancy, Thammasat University  <u>Bachelor Degree</u> - Bachelor of Accountancy, Chulalongkorn University - Bachelor of Law, Thammasat University	-	-	Jul 2016 – Present	Vice President – Investment	Food capitals PLC.
						2013	Executive Vice President – Risk Management	Islamic Bank of Thailand
						2012	Chief Financial Officer	Plan B Media PCL.
15	Mr. Sittiwate Jewsittipapai	30	<u>Master Degree</u> - Master of Law, Commercial Law, Bristol University, United Kingdom  <u>Bachelor Degree</u> - Bachelor of Law, Thammasat University	-	-	Nov 2016 - Present	Vice President - Legal	Food Capitals PLC.
						Nov 2016 - Present	Secretary	Food Capitals PLC.
						2015 - 2016	Legal Consultant	Herbert Smith Freehills (Thailand) Ltd.
						2011 - 2014	Legal Consultant	Hunton & Williams (Thailand) Ltd.

Remark: number of shareholding as of 23 September 2016

## Details of Director, authorized directors of the subsidiaries and associate companies

		Akarat Na-Ranong	Krit Srichawla	Tarakorn Angpubate	Amorn Srichawla*	Akradej Srichawla	Sanjay Singh	Witit Sujjapong	Krish Dettar	Viroj Tangchettanaporn	Tossaphon Phengsom	Marut Chalotorn	Chokdee Wisansing**
<b>Food Capitals Public Company Limited</b>		X/	/	Y/	/	/	/	/	/	/	/	/	
<b>Subsidiaries</b>	1. Evolution Land Co., Ltd.		/		/	/							
	2. Monster Media Co., Ltd.		/		/	/							
	3. Evolution Advisors Limited		/			/							
	4. Evolution Holdings Limited		/			/							
	5. FC Commissary Co., Ltd.		/	/	/								
	6. Evolution Capital International Pte. Ltd.					/							
	7. Domino's (Thailand) Co., Ltd.		/	/	/								
	8. CBTL (Thailand) Co., Ltd.		/	/	/								
	9. Fenix Iron Fairies Co., Ltd.		/	/	/								
	10. Maggie Choo's Co., Ltd.		/	/	/								
	11. Casa Fico Co., Ltd.		/		/	/	/						
	12. Fena Park Co., Ltd.		/		/	/	/						
	13. Kyochon Co., Ltd.		/	/	/								
	14. Photome.com Co., Ltd.					/							
	15. D. Pizza PCL.		/			/							
	16. Evolution Foods (Thailand) Co., Ltd.		/	/	/								
	17. Evolution Foods International Limited		/			/							
	18. Kyochon (Cambodia) Limited		/			/							
<b>Associates</b>	1. Andaman Beach Residences												
	2. Phang Nga Hotel												

X = Chairman of the Board of Director

Y = Chief Executive Officer

/ = Director

\*resigned from the director of the Company effect from June 2016

\*\* resigned from the Chief Operating Officer of the Company effect from April 2016



## List of chief internal auditor and compliance information

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1. Chief of internal auditor in the process of recruiting.
2. Compliance information None.

## Details of the latest appraisal report

Company's name of assets owner	Details		The company's name conducted the appraise value	Purpose of	Date of appraisal report
	Assets details	Appraisal Value (Baht)			
Casa Fico Co., Ltd. (subsidiary company)	Vacant land, 7 title deeds, Mared Sub- district, Koh Samui district, Suratthani. Total land area 26-2-87.2 rai.	309,900,000	K.K. Valuation Co., Ltd.	To assess the current value of land.	15 November 2016



### Food Capitals Public Company Limited

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