

HOT POT PUBLIC COMPANY LIMITED

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**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED JUNE 30, 2012**

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Hot Pot Public Company Limited

I have reviewed the accompanying statement of financial position of Hot Pot Public Company Limited as at June 30, 2012, the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2012 and 2011, changes in shareholders' equity and cash flows for the six-month periods ended June 30, 2012 and 2011, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

I conducted my review in accordance with auditing standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

CONCLUSION

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting standards No. 34 "Interim Financial Reporting".

COMPARATIVE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

I have previously audited the financial statements for the year ended December 31, 2011 of Hot Pot Public Company Limited in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated February 28, 2012. The statement of financial position as at December 31, 2011, presented herewith for comparative purposes, was a part of the financial statements referred to above. I have not performed any auditing procedures since that date.

(Miss Chantra Wongsri-Udomporn)

Certified Public Accountant

Registration No. 4996

Dharmniti Auditing Company Limited

Bangkok, Thailand

August 9, 2012

2012/856/0250

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF FINANCIAL POSITION

ASSETS

		Baht	
		As at June	As at December
	Note	30, 2012	31, 2011
CURRENT ASSETS			
Cash and cash equivalents	5	14,714,690	17,883,604
Trade accounts receivable	6	1,710,304	1,821,983
Other accounts receivable		10,410,970	7,965,418
Inventories	7	27,345,535	41,040,674
Other current assets	8	35,958,044	31,996,682
TOTAL CURRENT ASSETS		90,139,543	100,708,361
NON-CURRENT ASSETS			
Property, plant and equipment	9	428,344,944	385,431,137
Leasehold rights	10	105,476,686	113,112,081
Intangible assets	11	8,999,205	9,965,061
Refundable deposits and others	23	98,302,063	91,816,822
TOTAL NON-CURRENT ASSETS		641,122,898	600,325,101
TOTAL ASSETS		731,262,441	701,033,462

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF FINANCIAL POSITION (CONT.)

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht	
		As at June	As at December
	Note	30, 2012	31, 2011
CURRENT LIABILITIES			
Bank overdrafts from financial institutions	12	15,830,185	5,749,636
Trade accounts payable		125,002,985	183,645,143
Other accounts payable		60,765,983	50,618,367
Account payable - purchase of assets from Daidomon	25.1, 25.2	-	33,740,104
Account payable - leasehold from financial institution	25.4	80,758,412	88,435,911
Asset purchased payable		20,236,974	14,111,535
Current portion of liability under hire-purchase contract	13	5,786,289	2,639,665
Current portion of long-term loans from related parties	4, 14	27,170,984	27,170,984
Current portion of long-term loan from financial institution	15	49,519,550	37,500,000
Accrued corporate income tax		8,284,465	2,264,610
Account payable - the Revenue Department		4,771,144	5,184,596
Other current liabilities		4,827,205	5,195,488
TOTAL CURRENT LIABILITIES		402,954,176	456,256,039

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF FINANCIAL POSITION (CONT.)

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht	
		As at June	As at December
	Note	30, 2012	31, 2011
NON-CURRENT LIABILITIES			
Liability under hire-purchase contract	13	11,726,733	5,839,076
Long-term loan from financial institution	15	69,862,000	26,384,550
Employee benefit obligations	16	1,898,788	1,756,543
Assets retirement obligation		10,499,988	8,569,153
TOTAL NON-CURRENT LIABILITIES		93,987,509	42,549,322
TOTAL LIABILITIES		496,941,685	498,805,361
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
406,000,000 ordinary shares of Baht 0.25 each	17	101,500,000	101,500,000
Issued and paid-up share capital			
344,615,360 ordinary shares of Baht 0.25 each	17	86,153,840	86,153,840
Share premium	17	49,646,160	49,646,160
Retained earnings			
Appropriated			
Legal reserve	19	3,859,935	-
Unappropriated		94,660,821	66,428,101
TOTAL SHAREHOLDERS' EQUITY		234,320,756	202,228,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		731,262,441	701,033,462

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED JUNE 31, 2012 AND 2011

		Baht	
	Note	2012	2011
Revenues			
Revenues from the sales of goods		471,823,964	366,265,928
Other income		10,528,923	3,314,459
Total revenues		<u>482,352,887</u>	<u>369,580,387</u>
Expenses			
Cost of sales of goods		201,723,931	164,382,940
Selling expenses		223,414,996	155,185,108
Administrative expenses		23,542,665	17,369,629
Directors and management benefit expenses	4	3,784,379	2,984,855
Loss from branches closing and renovation	9	30,765	685,717
Finance costs	4	2,946,486	1,675,572
Total expenses		<u>455,443,222</u>	<u>342,283,821</u>
Profit before income tax		26,909,665	27,296,566
Income tax	21	5,587,600	8,435,830
Profit for the period		21,322,065	18,860,736
Other comprehensive income		-	-
Comprehensive income for the period		<u><u>21,322,065</u></u>	<u><u>18,860,736</u></u>
Basic earnings per share	22		
Net profit (Baht per share)		<u><u>0.06</u></u>	<u><u>0.08</u></u>

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 31, 2012 AND 2011

		Baht	
	Note	2012	2011
Revenues			
Revenues from the sales of goods		926,226,397	698,040,361
Other income		19,293,876	7,498,248
Total revenues		<u>945,520,273</u>	<u>705,538,609</u>
Expenses			
Cost of sales of goods		407,313,269	310,390,019
Selling expenses		435,533,684	296,910,360
Administrative expenses		47,696,876	31,760,175
Directors and management benefit expenses	4	7,423,758	6,711,620
Loss from branches closing and renovation	9	1,204,918	1,198,588
Finance costs	4	5,831,031	4,125,558
Total expenses		<u>905,003,536</u>	<u>651,096,320</u>
Profit before income tax		40,516,737	54,442,289
Income tax	21	8,424,082	16,676,280
Profit for the period		32,092,655	37,766,009
Other comprehensive income		-	-
Comprehensive income for the period		<u><u>32,092,655</u></u>	<u><u>37,766,009</u></u>
Basic earnings per share	22		
Net profit (Baht per share)		<u><u>0.09</u></u>	<u><u>0.17</u></u>

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED
THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

		Baht					
		Issued and paid- up share capital		Share premium	Retained earnings		
		Common shares	Preferred shares		Legal reserve	Unappropriated	Total
Note							
	Beginning balance, as at January 1, 2012	86,153,840	-	49,646,160	-	66,428,101	202,228,101
	Legal reserve	-	-	-	3,859,935	(3,859,935)	-
	Comprehensive profit for the period	-	-	-	-	32,092,655	32,092,655
	Ending balance, as at June 30, 2012	<u>86,153,840</u>	<u>-</u>	<u>49,646,160</u>	<u>3,859,935</u>	<u>94,660,821</u>	<u>234,320,756</u>
	Beginning balance, as at January 1, 2011						
	as previously reported	56,000,000	860,000	-	-	27,542,064	84,402,064
	Adjustment						
	The cumulative effect of change in						
	accounting policy on employee benefits	-	-	-	-	(1,005,443)	(1,005,443)
	Balance as at January 1, 2011 - after adjusted	<u>56,000,000</u>	<u>860,000</u>	<u>-</u>	<u>-</u>	<u>26,536,621</u>	<u>83,396,621</u>
	Increase of share capital	29,293,840	-	-	-	-	29,293,840
	Surplus of common stocks	-	-	49,646,160	-	-	49,646,160
	Comprehensive profit for the period	-	-	-	-	37,766,009	37,766,009
	Ending balance, as at June 30, 2011	<u>85,293,840</u>	<u>860,000</u>	<u>49,646,160</u>	<u>-</u>	<u>64,302,630</u>	<u>200,102,630</u>

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED

THE STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2012 AND 2011

	Baht	
	2012	2011
Cash flows from operating activities		
Profit for the period	32,092,655	37,766,009
Adjustment to reconcile profit to net cash provided by (used in) operating activities :		
Allowance for doubtful account (reversal)	(90,000)	-
Depreciation and amortization	63,983,073	39,461,285
Loss from branches closing and renovation	1,204,918	1,198,588
(Gain) loss on sale of fixed assets	(1,610,724)	(369,011)
Interest incomes	(91,617)	(86,010)
Employee benefit	448,395	375,550
Cost of asset dismantlement	128,378	-
Interest expenses	5,831,031	4,125,558
Income tax	8,424,082	16,676,280
Profit from before changes in operating assets and liabilities	110,320,191	99,148,249
(Increase) decrease in operating assets		
Trade accounts receivable	201,679	47,377
Inventories	13,695,139	3,748,488
Other accounts receivable and other current assets	(584,451)	(2,008,604)
Increase (decrease) in operating liabilities		
Trade accounts payable	(58,642,158)	(8,743,791)
Other accounts payable	10,147,616	5,177,476
Other current liabilities	(781,735)	(2,493,834)
Cash received from operating	74,356,281	94,875,361
Interest income received	91,617	86,010
Employee benefit paid	(306,150)	-
Income tax paid	(2,404,227)	(9,009,048)
Net cash provided by operating activities	71,737,521	85,952,323

Notes to interim financial statements form an integral part of these statements

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HOT POT PUBLIC COMPANY LIMITED

THE STATEMENTS OF CASH FLOWS (CONT.)

FOR THE SIX-MONTH PERIODS ENDED JUNE 31, 2012 AND 2011

	Baht	
	2012	2011
Cash flows from investing activities		
Cash paid for purchase of plant and equipment	(87,374,927)	(65,411,730)
Cash received for sale of equipment	1,011,682	448,131
Cash paid for leasehold rights	(509,039)	-
Cash received for sale of leasehold rights	2,336,449	-
Cash paid for intangible assets	(1,378,262)	(1,794,852)
Cash paid for refundable deposits and others	(6,695,241)	(13,284,799)
Cash paid to purchase the assets of Daidomon	(33,740,104)	-
Cash paid to account payable-leasehold from financial institution	(6,655,768)	-
Net cash used in investing activities	<u>(133,005,210)</u>	<u>(80,043,250)</u>
Cash flows from financing activities		
Increase (decrease) in bank overdrafts from financial institutions	10,080,549	(1,855,914)
Cash paid to liability under financial lease contract	-	(324,239)
Cash paid to liability under hire-purchase contract	(1,950,719)	(673,759)
Cash paid to long-term loan from related persons	-	(2,500,000)
Cash paid to long-term loan from related parties	-	(83,940,000)
Cash received for long-term loan from financial institution	71,122,000	53,379,549
Cash paid to long-term loan from financial institution	(15,625,000)	(49,414,642)
Cash received from issued ordinary shares	-	78,940,000
Cash paid to interest expenses	(5,528,055)	(4,049,987)
Net cash provided by (used in) financing activities	<u>58,098,775</u>	<u>(10,438,992)</u>
Net increase (decrease) in cash and cash equivalents	(3,168,914)	(4,529,919)
Cash and cash equivalents at beginning of period	17,883,604	20,702,881
Cash and cash equivalents at end of period	<u>14,714,690</u>	<u>16,172,962</u>
Additional disclosures of cash flows information :		
The Company acquired fixed assets by means of		
- Liabilities under hire-purchase contracts	10,985,000	3,554,832

Notes to interim financial statements form an integral part of these statements

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS
JUNE 30, 2012

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited company on January 28, 2004.

According to the 3rd extraordinary shareholders' meetings held on July 6, 2011, the shareholders unanimously approved to change the Company's status to be public company limited for trading their shares on the Market for Alternation Investment (MAI). On July 6, 2011, the Company has registered the above resolution with the partner registrar.

As at March 27, 2012, refer to SEC Jor Thor 395/2555 about the permission to sell newly issued shares to the public, the SEC allows the Company to sell newly issued shares to the public in accordance with the Company submission the application as at February 14, 2012.

The address of its registered office is as follows:

350 Ramintra Road, Tarang District, Bangkaen, Bangkok 10230, Thailand.

(b) Nature of the Company's operations

The principal activity of the Company is to operate a restaurant business which comprises both a la carte and buffet menus. The main menu features Sukiyaki and Japanese food. In addition, the Company also distributes and produces finished foods and beverage to serve within its restaurant business. During 2011, the Company has diversified to have a new product line which is a grill restaurant. The main menu features serving buffet menus for grilled food.

As at June 30, 2012 and December 31, 2011, the Company has 126 and 125 branches nationwide, respectively.

	Branches	
	As at June 30, 2012	As at December 31, 2011
Number of branches		
Beginning balance	125	78
Opened branches	9	48
Closed branches	(8)	(1)
Ending balance	<u>126</u>	<u>125</u>

In quarter 3/2012, the Company has opened new 7 branches on progress which have not been completed.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

(c) Employees

As at June 30, 2012 and December 31, 2011, the Company has employees of 3,073 and 3,042, respectively.

The Company has the staff cost for the three-month and six-month periods ended June 30, 2012 and 2011, amount of Bath 87.70 million and Bath 59.22 million and Bath 174.42 million and Bath 115.70 million, respectively. The staff cost is consisted of salary, bonus, welfare, social security, compensation fund and provident fund, etc.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with the Accounting Standard No. 34 (revised 2009) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2011.

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

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

2.2 New accounting standards issued during the period and not yet effective

On March 15, 2012, the Federation of Accounting Professions (FAP) has issued the financial reporting standard TFRS 8: Operating Segments, (replaced the Accounting Standard No. 14 : the Financial Information by Segment) which is effective for fiscal year beginning on or after January 1, 2013.

The management of the Company is evaluating the impact on the financial statements when this financial reporting standard is initially applied.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The Company prepared the interim financial statement with the same accounting policies used in the preparation of the annual financial statement for the year ended December 31, 2011

4. RELATED PARTY TRANSACTIONS

A portion of the Company’s assets, liabilities, revenues, costs and expenses arose from transactions with related parties.

Types of relationship of related parties are as follows :

Name of Company / individual	Type of business	Type of relationship
Aureos South-East Asia Fund, L.L.C.	Fund for investments	Shareholder
GSB Private Fund by		
One Asset Management Limited	Fund for investments	Shareholder
Ms. Sakuna Baicharoen	-	Shareholder and director
Mr. Sompon Roekwibunsi	-	Shareholder and director
Mr. Preecha Shunhachutchawan	-	Shareholder and director
Mr. Somchai Roekwibunsi	-	Shareholder
Mr. Somboon Roekwibunsi	-	Shareholder

Transactions with related parties are summarized as follows:

		Baht			
		For the three-month		For the six-month	
		periods ended June 30,		periods ended June 30,	
Pricing Policy	2012	2011	2012	2011	
Interest expense					
Aureos South-East Asia Fund, L.L.C.	6-6.75% per annum	309,045	466,925	618,089	1,564,473
GSB Private Fund by One Asset Management Limited	6-6.75% per annum	154,560	229,115	309,121	777,927
		<u>463,605</u>	<u>696,040</u>	<u>927,210</u>	<u>2,342,400</u>

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HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

The outstanding balances with related parties as at June 30, 2012 and December 31, 2011 are as follows:

	Baht	
	As at June 30, 2012	As at December 31, 2011
Long-term loans from		
Aureos South-East Asia Fund, L.L.C.	18,112,488	18,112,488
GSB Private Fund by One Asset Management Limited	9,058,496	9,058,496
	<u>27,170,984</u>	<u>27,170,984</u>

Directors and management benefit expenses

Directors and management benefit expenses represent the benefits paid to the directors and the Company's management such as salaries and related benefit including the benefit paid by other means. The directors and the Company's management are the persons who are defined under the Securities and Exchange Act such as managing director or the managements who have the top position at the management level from the four lists following by the manager level.

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Short-term employee benefits	3,643,750	2,925,000	7,142,500	6,591,910
Post-employment benefits	140,629	59,855	281,258	119,710
	<u>3,784,379</u>	<u>2,984,855</u>	<u>7,423,758</u>	<u>6,711,620</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	As at June 30, 2012	As at December 31, 2011
Cash in hand	2,130,000	2,003,400
Cash at Banks - current accounts	4,581,811	8,176,648
- savings accounts	8,002,879	7,703,556
Total	<u>14,714,690</u>	<u>17,883,604</u>

Savings accounts earned interest rates at 0.50% - 0.75% per annum (In 2011 : 0.50% - 1.25%).

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HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

6. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consisted of :

	Baht	
	As at June 30, 2012	As at December 31, 2011
Trade accounts receivable	2,597,503	2,799,182
<u>Less</u> Allowance for doubtful accounts	(887,199)	(977,199)
Trade accounts receivable, net	<u>1,710,304</u>	<u>1,821,983</u>

Transactions with allowance for doubtful accounts - accounts receivable are as follows :-

	Baht	
	For the six-month periods ended June 30,	
	2012	2011
Beginning balance	977,199	1,067,199
Bad debt	-	-
Addition	-	-
Reversal	(90,000)	-
Ending balance	<u>887,199</u>	<u>1,067,199</u>

The Company's management has contemplated about provision of allowance for doubtful accounts and believed that it is adequate for covering collection losses.

Trade accounts receivable as at June 30, 2012 and December 31, 2011 classified by ages of account receivable consisted of :

	Baht	
	As at June 30, 2012	As at December 31, 2011
Not yet due	1,622,228	1,541,435
Over due :		
1 day to 30 days	58,230	280,548
31 day to 90 days	16,507	-
91 day to 365 days	13,339	-
Over 365 days	887,199	977,199
Total	2,597,503	2,799,182
<u>Less</u> Allowance for doubtful accounts	<u>(887,199)</u>	<u>(977,199)</u>

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Trade accounts receivable, net	<u>1,710,304</u>	<u>1,821,983</u>
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HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

7. INVENTORIES

Inventories as at June 30, 2012 and December 31, 2011 are finished sauce, meat ball, fresh-dried food, fresh vegetable, seasoning, beverage powder, and other which consisted of :

	Baht	
	As at June 30, 2012	As at December 31, 2011
Raw materials	2,000,099	2,632,218
Finished goods - Trading	17,291,045	28,161,648
- Manufacturing	8,054,391	10,246,808
Total	<u>27,345,535</u>	<u>41,040,674</u>

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Cost of inventory recognized as administrative expense for the periods	46,418	204,978	67,900	252,758
Decline in value of inventory recognized as cost of goods sold for the periods	173,887	217,883	333,865	338,557

8. OTHER CURRENT ASSETS

Other current assets consisted of :

	Baht	
	As at June 30, 2012	As at December 31, 2011
Advance for banner and broadcast advertising	4,104,297	3,286,009
Undue input vat	2,586,961	7,421,814
Other supplies	20,375,408	16,096,175
Materials used in construction	5,731,918	3,485,008
Other current assets	3,159,460	1,707,676

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Total	<u>35,958,044</u>	<u>31,996,682</u>
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HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

9. PROPERTY, PLANT AND EQUIPMENT

	Baht				Balance Jun. 30, 2012
	Balance Dec. 31, 2011	Movement during the period			
		Additions	Disposal/ write-off	Transfer in/(out)	
<u>Cost</u>					
Land	31,564,525	-	-	-	31,564,525
Factory building and other structure	57,354,407	1,508,888	-	(245,114)	58,618,181
Leasehold building improvement	328,074,062	54,463,291	(4,777,729)	(161,878,269)	215,881,355
Furniture, fixtures and office equipment	28,727,703	4,107,592	(443,067)	16,417,716	48,809,944
Operating equipment	207,023,875	42,656,544	(888,625)	143,583,402	392,375,196
Vehicles	33,760,116	54,500	(783,958)	1,566,922	34,597,580
Work in progress	9,908,722	98,174,998	-	(99,681,813)	8,401,907
Total	<u>696,413,410</u>	<u>200,965,813</u>	<u>(6,893,379)</u>	<u>(100,237,156)</u>	<u>790,248,688</u>
<u>Accumulated depreciation</u>					
Factory building and other structure	(9,729,892)	(1,389,845)	-	4,042,898	(7,076,839)
Leasehold building improvement	(146,814,185)	(19,096,486)	2,002,303	100,411,386	(63,496,982)
Furniture, fixtures and office equipment	(15,093,370)	(3,573,505)	18,689	(13,937,067)	(32,585,253)
Operating equipment	(120,943,258)	(29,709,879)	582,277	(88,176,861)	(238,247,721)
Vehicles	(18,401,568)	(2,384,532)	777,640	(488,489)	(20,496,949)
Total	<u>(310,982,273)</u>	<u>(56,154,247)</u>	<u>3,380,909</u>	<u>1,851,867</u>	<u>(361,903,744)</u>
Property, plant and equipment, net	<u>385,431,137</u>				<u>428,344,944</u>

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Depreciation for the period				
- manufacturing cost	1,832,266	1,169,174	3,255,972	2,297,274
- selling and administrative expenses	27,610,331	18,976,948	52,898,275	36,822,678
Total	<u>29,442,597</u>	<u>20,146,122</u>	<u>56,154,247</u>	<u>39,119,952</u>
Loss from closing branches and renovation	30,765	685,717	1,204,918 *	1,198,588
Loss on sale of fix assets	113,663	-	196,198	369,011

* Total loss on amortization of leasehold rights Baht 28,365 (see note 10).

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

As at June 30, 2012 and December 31, 2011, the Company had leasehold building improvement, furniture, fixtures and office equipment, operating equipment and vehicles, which were fully depreciated but still in use with the cost price of Baht 134.38 million and Baht 92.22 million, respectively.

As at June 30, 2012 and December 31, 2011, the Company had land, factory building and other construction in the cost price of Baht 90.18 million and Baht 88.91 million, respectively, were used to guarantee the long-term loans from a local financial institution (see note 12 and 15).

As at June 30, 2012, the Company entered into asset insurance for branches, factory building, other structure, furniture and fixtures, office equipment and computers, inventories, machinery and control parts, internal systems, cold storage and vehicles. The beneficiary of these insured assets is the financial institution to secure for the loan, but the beneficiary of vehicles under hire-purchase agreements is the leasing company.

As at June 30, 2012 and December 31, 2011, the Company had vehicles, furniture, fixtures and office equipment and operating equipment under hire-purchase agreements with the net book value amounting to approximately Baht 16.45 million and Baht 12.49 million, respectively.

During the year 2012, the Company had significant investments in fixed assets totaling Baht 102.79 million as follows:

1. The Company had the building renovation and construction inside the factory during the year in the cost price of Baht 1.51 million.
2. According to the board meeting, the board had approved to open 9 new branches. Therefore, the Company had investments in leasehold building improvement and operating equipment in the total cost price of Baht 97.12 million.
3. The Company had an increase in the purchase office equipment in the cost price of Baht 4.11 million.
4. The Company had an increase in the purchase vehicles equipment in the cost price of Baht 0.05 million.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

During the year 2012, the Company had significant write-off for the fixed assets as follows :-

1. According to the management board meeting, the board had approved to close branches because income did not meet the set target and disused the warehouse branch at Ekamai. Therefore, the Company had closed these 8 branches in the total cost price of Baht 2.45 million, with the book value of Baht 2.33 million. The loss from branch closing is Baht 1.20 million.
2. The Company sold office equipment and kitchenware, because of disused with cost of Baht 3.69 million with book value of Baht 1.20 million. The Company had loss on sale of fixed asset totaling Baht 0.28 million.
3. The Company sold 2 vans because of disused with cost of Baht 0.78 million with book value of Baht 0.01 million. The Company had gained on sale of fixed asset totaling Baht 0.09 million.

10. LEASEHOLD RIGHTS

Leasehold rights are leaseholds in the rental of restaurant branches (see note 25) that are amortized over the term of the contract as follows :

	Baht			Balance
	Balance	Transactions during the period		
	Dec. 31, 2011	Addition	Disposal/Write-off	
<u>Cost</u>				
Leasehold rights	115,685,178	509,039	(1,386,406)	114,807,811
<u>Less</u> Accumulated amortization				
Leasehold rights	(2,573,097)	(6,774,811)	16,783	(9,331,125)
Leasehold rights, net	113,112,081			105,476,686

	Baht			
	For the three-month		For the six-month	
	periods ended June 30,		periods ended June 30,	
	2012	2011	2012	2011
Amortization cost for the periods - selling expenses	3,384,316	9,743	6,774,811	19,379
Gain on sale of leasehold rights	1,806,922	-	1,806,922	-

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

During the year 2012, The Company has paid the leasehold and transfer fee of leasehold for 4 branches at cost price of Baht 0.51 million.

During the year 2012, the Company has written off the important leasehold as follows:

- 1) The Company has written off the leasehold of Mitake branch, situated at IT Square, due to disused for the net book value Baht 28,365 and the Company is recorded as the loss from branch termination.
- 2) The Company has sold the leasehold of the Old Siam branch at cost price Baht 0.33 million at book value Baht 0.32 million and the Company has gained from disposal leasehold Baht 1.81 million.
- 3) As at June 30, 2012, Thanachart Bank has adjusted and reduced the purchase price of the leasehold at the total amount of Baht 1.02 million due to delay between the transfer. It causes the Company to reduce the leasehold at the same amount.

11. INTANGIBLE ASSET

Intangible asset consisted of :

	Baht				Balance Jun. 30, 2012
	Balance Dec. 31, 2011	Transactions during the period			
	Addition	Disposal/write off	Transfer in/ (out)		
<u>Cost</u>					
Software licenses	12,644,065	1,846,862	-	555,373	15,046,300
Software in progress	468,600	1,378,262	-	(1,846,862)	-
Total cost	<u>13,112,665</u>	<u>3,225,124</u>	<u>-</u>	<u>(1,291,489)</u>	<u>15,046,300</u>
<u>Less Accumulated amortization</u>					
Software licenses	(3,147,604)	(1,054,015)	-	(1,845,476)	(6,047,095)
Total accumulated amortization	<u>(3,147,604)</u>	<u>(1,054,015)</u>	<u>-</u>	<u>(1,845,476)</u>	<u>(6,047,095)</u>
Intangible asset, net	<u>9,965,061</u>				<u>8,999,205</u>

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Amortization cost for the period				
- cost of sales	28,050	21,272	62,752	42,241
- selling and administrative expenses	639,042	129,823	991,263	279,712
	667,092	151,095	1,054,015	321,953

During the year 2012, The Company had investment to install the Navision software, M-Focus software for restaurant business and other software with the total cost of Baht 1.85 million.

12. BANK OVERDRAFTS FROM FINANCIAL INSTITUTIONS

As at June 30, 2012 and December 31, 2011, the Company has credit facility of bank overdraft from financial institutions in totaling of Baht 25 million and Baht 10 million, respectively. Bank overdraft was secured by mortgaging the land and construction thereon of the company. (see note 9)

13. LIABILITY UNDER HIRE-PURCHASE CONTRACT

Liability under hire-purchase contract consisted of:

	Baht	
	As at June 30, 2012	As at December 31, 2011
Liability under hire-purchase contract	20,448,244	9,898,918
<u>Less</u> deferred interest	(1,779,709)	(995,176)
deferred vat	(1,155,513)	(425,001)
	17,513,022	8,478,741
<u>Less</u> current portion due within one year	(5,786,289)	(2,639,665)
Liability under hire-purchase contract, net	11,726,733	5,839,076

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

	Baht							
	As at June 30, 2012				As at December 31, 2011			
	Principal	Deferred interest	Deferred vat	Total	Principal	Deferred interest	Deferred vat	Total
1 - 5 years	11,726,733	793,781	752,869	13,273,383	5,839,076	504,403	285,302	6,628,781
Over 5 years	-	-	-	-	-	-	-	-
Total	<u>11,726,733</u>	<u>793,781</u>	<u>752,869</u>	<u>13,273,383</u>	<u>5,839,076</u>	<u>504,403</u>	<u>285,302</u>	<u>6,628,781</u>

In 2012, the Company entered into the hire-purchase agreements with 2 Companies for purchasing 30 sets of computer, 140 sets of fingerprint scanner machine, and 75 sets of dishwasher machines. Value of the contracts are Baht 835,884, Baht 1,098,811 and Baht 11,018,306, respectively. The hire-purchase payment is scheduled to be paid in monthly for 36 installments which are Baht 23,219, Baht 30,245 and Baht 303,278, per installment respectively. The first installment is on March 31, 2012, April 20, 2012 and May 31, 2012, respectively.

In 2011, the Company entered into hire-purchase agreements with 6 Companies for purchasing 11 vehicles. Value of the contracts are Baht 441,888, Baht 491,520, Baht 730,800, Baht 730,800, Bath 504,240 Bath 655,584, Baht 511,056, Baht 1,121,280, Baht 729,552, Baht 729,552 and Baht 511,056, respectively. The hire-purchase payment is scheduled to be paid in monthly for 48 installments which are Baht 9,206, Baht 10,240, Baht 15,225, Baht 15,225, Baht 10,505, Baht 13,658, Baht 10,647, Baht 23,360, Baht 15,199, Baht 15,199 and baht 10,647, per installment, respectively. The first installment is on June 23, 2011, June 23, 2011, July 4, 2011, July 4, 2011, July 5, 2011 June 30, 2011, October 10, 2011, October 10, 2011, November 1, 2011, November 1, 2011 and December 1, 2011 for the last vehicle, respectively.

In 2010, the Company entered into hire-purchase agreements with 3 Companies for purchasing 4 vehicles. Value of the contracts are Baht 1,766,635, Baht 962,617, Baht 962,617 and Baht 621,000, respectively. The hire-purchase payment is scheduled to be paid in monthly for 48 installments which are Baht 36,000, Baht 18,669, Baht 18,669, and Baht 10,732, per installment, respectively. The first installment is on April 20, 2010, November 3, 2010, November 3, 2010 and January 10, 2011 for the last vehicle, respectively.

In 2009, the Company entered into a hire-purchase agreement of Baht 1,429,907 with a Company for purchasing a vehicle. The hire-purchase payment is paid in monthly installment within 36 installments, the first installment of Baht 34,223 will be paid on November 15, 2009.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

In 2008, the Company entered into a hire-purchase agreement of Baht 691,920 with a Company for purchasing a vehicle. The hire-purchase payment is paid in monthly installment within 48 installments, the first installment of Baht 14,415, will be paid on October 1, 2008.

Under conditions on these agreements, the Company shall conform to any conditions and restrictions in such agreements. The ownership on the assets purchased under hire-purchase contracts will be transferred to the Company when the last installment has been paid.

14. LONG-TERM LOAN AND ACCRUED INTEREST FROM RELATED PARTIES

Long-term loans from related parties and accrued interests have changed during the period as follows :-

	Baht			
	As at June 30, 2012		As at December 31, 2011	
	Principal	Accrued Interest	Principal	Accrued Interest
Long-term loan from Aureos South-East Asia Fund, L.L.C.				
Beginning balance	18,112,488	-	74,072,655	-
Addition during the period	-	618,089	-	2,198,125
Deduction during the period	-	(618,089)	(55,960,167)	(2,198,125)
Ending balance	18,112,488	-	18,112,488	-
Long-term loan from GSB Private Fund by One Asset Management Limited				
Beginning balance	9,058,496	-	37,038,329	-
Addition during the period	-	309,121	-	1,094,831
Deduction during the period	-	(309,121)	(27,979,833)	(1,094,831)
Ending balance	9,058,496	-	9,058,496	-
Total	27,170,984	-	27,170,984	-
(Less) Current portion due within one period	(27,170,984)	-	(27,170,984)	-
Long-term loan, net	-	-	-	-

Long-term loans from Aureos South-East Asia Fund, L.L.C. and GSB Private Fund by One Asset Management Limited are loans that are entered into contracts. In 2012 and 2011, the interests are charged at the rate of 6.00% per annum and 6.00% - 6.75% per annum, respectively.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

On April 20, 2011, Aureos South-East Asia Fund L.L.C. and GSB Private Fund by One Asset Management Limited converted the Redeemable Notes in the amount of Baht 78,940,000 in accordance with the Investment Agreement. The execution of the conversion was done through debt repayment in the amount of Baht 78,940,000 to Aureos South-East Asia Fund L.L.C. and GSB Private Fund by One Asset Management Limited. This was followed by the Company’s increase of authorized share capital of Baht 29,293,840 through the issue of 2,929,384 new ordinary shares at par value of Baht 10 per share. The newly issued shares were offered to Aureos South-East Asia Fund L.L.C. and GSB Private Fund by One Asset Management Limited at Baht 26.947645 per share. In such case, the Company had a surplus from the sale of new ordinary shares at Baht 16.947645 per share, totaling Baht 49,646,160. After the sale of shares, the authorized share capital of the Company increased from Baht 56,860,000 to Baht 86,153,840. (see note 17)

During the year 2012, the Company is able to repay the full amount of the interest under the conditions specified in the agreement. In addition, the Company has to fully repay the balance of loan of Baht 27,170,984 , when the shares of the Company are listed and begin the first day trading on the Market for Alternation Investment (MAI). (see note 28)

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long-term loans from financial institution consisted of :

Loan	Year	Interest rate (%)	Monthly repayment schedule	Baht	
				As at June 30, 2012	As at December 31, 2011
1.	2011	MLR - 1.50	Not less than Baht 1.88 million	17,269,550	26,644,550
2.	2011	MLR - 1.50	Not less than Baht 1.25 million	66,020,000	37,240,000
3.	2012	MLR - 1.25	Not less than Baht 1.00 million	7,202,000	-
4.	2012	MLR - 1.75	Not less than Baht 1.00 million	28,890,000	-
Total				119,381,550	63,884,550
(Less) Current portion due within one year				(49,519,550)	(37,500,000)
Long-term loans from financial institution, net				69,862,000	26,384,550

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

Long-term loan 1 and 2 for the year 2011

The Company had refinanced all types of credit facilities from the former local commercial bank to a new local commercial bank on April 27, 2011 due to lower financing cost and increase in provided loan. As at December 31, 2011, the credit facilities that the Company has with the new local commercial bank are long-term loan, overdraft and letter of guarantee. The details of long-term loans are as follows:

Long-term loan 1, 2011

The Company had entered into a long-term loan agreement (refinance) in the amount of Baht 39,769,549, which had been withdrawn in the full limit amount with the interest rate at MLR-1.50%. The repayment condition was the principal repayment totaling Baht 1,875,000 with monthly interest by starting the first payment on the first month of the loan withdrawal. The Company had to repay all debts within the period of 2 years from the date of the loan withdrawal.

Long-term loan 2, 2011

In addition, the Company had entered into new long-term loan agreement in the amount of Baht 75,000,000 on June 29, 2011. As at June 30, 2012, the Company had withdrawn some part of the loan in the amount of Baht 72,270,000 with the interest rate at MLR-1.50%. As such, the Company had to repay the interest on a monthly basis in the first 6 months by starting the first payment on the first month of the loan withdrawal. After that the Company will repay the principal with the interest by repaying the principal in the first year at Baht 1,250,000 per month and at Baht 2,000,000 per month in the second year. The Company must repay the entire debt within 4 years from the date of the loan withdrawal.

Long-term loan 3, 2012

On April, 25, 2012, the Company entered into a loan agreement with a local financial institution at the amount of Baht 90,000,000. As at June 30, 2012, the Company had withdrawn some part of the loan in the amount of Baht 7,202,000 with the interest rate at MLR-1.25%. The Company had to repay only interest on a monthly basis in the first 7 months by starting the first payment on the first month of the loan withdrawal. Then the Company will repay the principal and interest by repaying at Baht 1,000,000 per month from period 1 to period 18, and at Baht 2,000,000 per month from period 19 to period 36. The Company will pay all debts within 5 years since the first month of loan.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

As at June 30, 2012, both long-term loans (loan 1, 2 and 3) had been secured by the mortgaging of lands, factory buildings and other construction of the Company. As such, the Company had to comply with other significant conditions as follows:

- 1) The Company had to maintain the debt to equity ratio in the rate not exceeding 1.5: 1. Debt means total debts deducted with the loans from directors or shareholders, and equity means total equity combined with the loans from directors or shareholders.
- 2) The Company had to maintain debt service coverage ratio in the rate not less than 1.2: 1.
- 3) The Company will not repay the remaining long-term loan to the Aureos South-East Asia Fund, L.L.C. and GSB private fund managed by One Asset Management Limited except that the Company will use the capital increase from the share offering in the stock exchange to repay such loan or the Company had received the approval from the bank.

However, as at June 30, 2012, the Company was unable to maintain the debt to equity ratio at the rate not over 1.5 : 1 (as at June 30, 2012 = 1.80 : 1). The management is negotiating with the financial institution not to default on the conditions of the agreement. Currently, the financial institution is considering preparing the approval letter of leniency for the conditions above to the company. As such, in the year 2012, the Company can still pay the principal and interest under the conditions specified by the financial institution as normal.

Long-term loans 4, 5 and 6 in 2012

On January 27, 2012, the Company entered into a loan agreement with a local financial institution under the credit line not over Baht 150,000,000 to invest in the purchase of the assets of Daidomon Group Public Company Limited and to renovate the restaurant. The long-term loans are divided as follows:

Long-term loan no. 4 of 2012

For the credit line of Baht 30,000,000 to purchase the operating assets from Daidomon Group Public Company Limited as at June 30, 2012, the Company had drawn down the partial loan amounting Baht 28,890,000 with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal shall be paid at Baht 1,000,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

Long-term loan no. 5 of 2012

For the credit line of Baht 50,000,000 to acquire the leasehold of Daidomon restaurant from a financial institution as at June 30, 2012, the Company still had not drawn out the loan with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal shall be paid at Baht 1,650,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

Long-term loan no. 6 of 2012

For the credit line of Baht 70,000,000 for the renovation of the acquired 14 branches of Daidomon restaurants as at June 30, 2012, the Company still had not drawn out the loan with interest rate at MLR-1.75%. For the payment condition of installments no.1-6, the Company shall only pay the monthly interest by starting the first payment from the date of first drawn down and after that the principal amount and interest shall be paid by installments. From installments no. 7-35, the principal shall be paid at Baht 2,350,000 per month and the remaining shall be fully settled in installment no. 36 (final installment).

Long-term loans under the 3 credit lines above (loans no. 4, 5 and 6) are guaranteed by the transfer of leasehold in 8 branches of Daidomon restaurants which are 1. The Mall Bangkok 2. The Mall Ngamwongwan 3. The Mall Bangkai 4. Central Pinklao 5. Central Ramintra 6. Central Bangna 7. Future Park Rangsit 8. Future Park Bangkai and 2 directors of the company. In addition, the Company has to comply with the following conditions.

- 1) Maintain the debt to equity ratio not over 2.0:1.
- 2) Maintain the quick ratio not less than 1.2:1.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

16. EMPLOYEE BENEFIT OBLIGATIONS

The statements of financial position

	Baht	
	As at June 30, 2012	As at December 31, 2011
Beginning balance, defined benefit obligations	1,756,543	1,005,443
Benefits paid by the plan	(306,150)	-
Current service costs and interest	448,395	751,100
Net	1,898,788	1,756,543

The statements of comprehensive income

	Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2012	2011	2012	2011
Current service costs				
Cost of sales	59,204	82,963	118,404	165,932
Selling expenses	3,573	1,533	7,149	3,061
Administrative expenses	10,372	35,582	20,744	71,163
Directors and management benefit expenses	140,629	59,855	281,258	119,710
Total	213,778	179,933	427,555	359,866
Interest on obligation	10,420	7,842	20,840	15,684
Total	224,198	187,775	448,395	375,550

Principal actuarial assumptions at the reporting date

	Percentage
	For the three-month and six months periods ended June 30, 2012 and 2011
Discount rate	3.1199
Salary increase rate	4
Employee turnover rate	49
Mortality rate	-

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

17. SHARE CAPITAL

1) According to the Board of Directors Meeting No. 1/2011 on February 10, 2011 and Extraordinary General Meeting of shareholders No.1/2011 on February 28, 2011. The meeting are unanimously approved a resolution on these matters :

A) The Company has been approved to make a deal with two loan creditors from the related entities (see note 14) concerning the conversion of debt into capital by determining the share value price at Baht 26.947645 per share and the amount of determined ordinary shares, in conversion of debt into capital, calculated from the amount of the debt of the remaining principal, only for the long - term part, as at December 31, 2010. The total amount of the conversion is in amount of Baht 78,940,000 that equal to 2,929,384 shares, which allocated to both lenders in proportion to the amount of the debt of the remaining principal on such date, which can be summarized as follows:

Loan payable - related parties	Remaining debt (Baht)	The number of shares allocated (share)	Proportional allocation of shares (%)
Aureos South-East Asia Fund, L.L.C.	52,626,667	1,952,923	66.67
GSB Private Fund by One Asset Management Limited	26,313,333	976,461	33.33
Total	<u>78,940,000</u>	<u>2,929,384</u>	<u>100.00</u>

B) It has the resolution to increase the Company’s registered capital of ordinary share from Baht 56,000,000 (5,600,000 ordinary shares at par value of Baht 10 per share) to Baht 85,293,840 (8,529,384 ordinary shares at par value of Baht 10 per share). Therefore, the increased capital stock is Baht 29,293,840, which divided into 2,929,384 shares at par value of Baht 10 per share. The objective of this capital increase is to support the conversion of debt to capital as described above. In conversion of shares from determining converted share value at price of Baht 26.947645 per share, comparing with registered par value of shares at price of Baht 10 per share has made a premium on ordinary shares at Baht 16.947645 per share. The amount of the ordinary share is 2,929,384 shares, which is Baht 49,646,160. As such, the Company has registered this capital increase with a partner registrar on April 20, 2011 accordingly. The increase of the capital mentioned above is the compliance with the right of shareholders of preference share, which agreed in various matters (see note 18) in the subject of “Preferred shareholders have the right to require the Company to increase capital by issuing new ordinary shares of 35 percent to the shareholders of preference share in order to convert the preference shares and promissory notes, which able to redeem, to the ordinary shares”.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

2) On 4 and 5 July 2011, the Company went through the reduction of share capital followed by the increase of share capital. The Extraordinary General Meeting of Shareholders No. 2/2011 dated 2nd June 2011 approved the decrease of preferred share capital of Baht 860,000 and the increase of ordinary share capital of Baht 860,000 by issuing 86,000 shares at the par value of Baht 10 per share which were then offered to Aureos South-East Asia Fund L.L.C. and GSB Private Fund by One Asset Management Limited at the par value. Aureos South-East Asia Fund L.L.C and GSB Private Fund by One Asset Management Limited converted 86,000 preferred shares at the par value of Baht 10 per share to 86,000 ordinary shares in compliance with the Investment Agreement. At present, no preferred shares remain outstanding and the authorized share capital remains unchanged at Baht 86,153,840. As such, the Company has registered this capital decrease and increase with a partner registrar on July 4 and 5, 2011 accordingly.

3) On 6 July 2011, the Company officially registered itself as a public company as approved by the Extraordinary General Meeting of Shareholders No. 3/2011 dated 6th July 2011 and split its par value from Baht 10 per share to Baht 0.25 per share. The Company also increased its authorized share capital by Baht 15,346,160 or from Baht 86,153,840 to Baht 101,500,000 by issuing 61,384,640 new ordinary shares at the par value of Baht 0.25 per share in preparation for the Initial Public Offering. As such, the Company has registered the above resolution with a partner registrar on July 6, 2011 accordingly.

As at June 30, 2012, the Company was allowed to take listing its securities on the Market for Alternative Investment (MAI) already (see Note 1 (a)).

4) As at June 30, 2012, the Company had registered the common stock as share capital in the amount of Baht 101,500,000 and value Baht 0.25 each, totaling 406,000,000 shares and consisting of the following:

List	Number of shares	Value per share (Baht)	Baht
February 10, 2011, convert debt to ordinary share capital	117,175,360	0.25	29,293,840
July 5, 2011, convert preference share to ordinary share	3,440,000	0.25	860,000
July 6, 2011, increase registered capital for IPO	61,384,640	0.25	15,346,160
Increase ordinary share capital during 2011	182,000,000	0.25	45,500,000
Ordinary share capital brought forward from the previous year	224,000,000	0.25	56,000,000
Registered capital as at June 30, 2012	406,000,000	0.25	101,500,000
<u>Less</u> Registered capital increase not paid up	(61,384,640)	0.25	(15,346,160)
Issued and paid up capital as at June 30, 2012	344,615,360	0.25	86,153,840

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

18. PREFERRED SHARES

Preferred shares are cumulative and participate at 35% of the dividends of each announced dividend, less any interest under the term of the redeemable notes (RN). The holder of 1 preferred share shall be entitled to 35 voting rights. Voting rights of holders of preferred shares represent 35% of all of the Company's voting rights. In addition, after the 3rd year from the effective date (December 28, 2006) until the fifth year, the holders of preferred shares shall be entitled to exercise the option to require the Company to 1) repay the principal under the RN 2) increase its capital by 35% by issuing new common shares to holders of preferred shares to convert its preferred shares and the RN into common shares 3) reduce its share capital (by 1% pre-exercising of the RN equivalent to Baht 860,000) by reducing all preferred shares ; and 4) grant an interest free bridging loan to the holders of preferred shares in an amount equal to the proceeds that holders of preferred shares would receive from the Company for capital reduction. The loan repayment shall be offset against the payment of such proceeds from the capital reduction.

Furthermore, the holders of preferred shares have option to require a shareholder to purchase the preferred shares at the price of Baht 1.7 million. All those options will be exercisable at any time from January 1, 2012 onwards.

On 4 and 5 July 2011, the Company has converted the preference shares to capital shares, from 86,000 preference shares at the par value of Baht 10 per share, in total amount of Baht 860,000 common stocks at the par value of Baht 10 per share, in total amount of Baht 860,000. (see note 17)

19. APPROPRIATED STATUTORY RESERVE

According to the general meeting of shareholders for the year 2012 as at April 24, 2012, it resolves to approve the provision by law at the rate 5 percent of Baht 77,198,691.22 (the retained earnings until March 31, 2012) which will be Baht 3,859,934.56.

Under the provision of the Public Limited Companies Act, the Company is required to set aside as statutory reserve at least 5% of its annual net income until the reserve reaches 10% of the authorized capital. The reserve is not available for dividend distribution.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

20. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has a policy to manage the financial risks that affect the normal course of business such as changes in interest rate, the possibility of uncollectible debts, the ability to maintain the liquidity of working capital and the difference between the fair value and carrying value of financial assets and liabilities, etc. Nevertheless, the management expects the effects of these risks to be similar to the year ended December 31, 2011.

As at June 30, 2012, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	Baht			
	As at June 30, 2012			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	8,002,879	-	6,711,811	14,714,690
Trade accounts receivable	-	-	1,710,304	1,710,304
Other accounts receivable	-	-	10,410,970	10,410,970
Refundable deposits and other	-	-	98,302,063	98,302,063
<u>Financial liabilities</u>				
Bank overdrafts from financial institutions	15,830,185	-	-	15,830,185
Trade account payable	-	-	125,002,985	125,002,985
Other payable	-	-	60,765,983	60,765,983
Account payable-leasehold from financial institution	-	-	80,758,412	80,758,412
Asset purchased payable	-	-	20,236,974	20,236,974
Liability under hire-purchase contract	-	17,513,022	-	17,513,022
Long-term loan from relate parties	-	27,170,984	-	27,170,984
Long-term loan from financial institutions	-	119,381,550	-	119,381,550

21. CORPORATE INCOME TAX

Corporate income tax for the year 2011 is calculated by multiplying from tax profits by the rate of 30% of net profits. Corporate income tax is calculated by multiplying earnings represents net profit before income tax for the period, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

According to the Royal Decree 530 (B.E. 2554) dated December 14, 2011 issued under the Revenue Code, regarding the reduction of income tax rates, corporate income tax for the year 2012 is

calculated by multiplying from tax profits by the rate of 23% of net profits, and for the year 2013 - 2014, onwards by the rate of 20% of net profits.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

22. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the periods by the weighted average number of ordinary shares in issue during the periods.

	For the three-month		For the six-month	
	periods ended June 30,		periods ended June 30,	
	2012	2011	2012	2011
Net profit for the period (Baht)	21,322,065	18,860,736	32,092,655	37,766,009
Weighted average number of ordinary shares (Shares)	344,615,360	224,000,000	344,615,360	224,000,000
Basic earnings per share (Baht per share)	0.06	0.08	0.09	0.17

23. COMMITMENT AND CONTINGENT LIABILITIES

As at June 30, 2012, the Company had lease and service agreements for office premise and branches for a period of 3 to 6 years. Under the agreements, the Company is committed to pay a monthly rental and service fee of Baht 21.97 million. In addition, the Company can renew the contract upon the end of the term. If the contract is not renewed, the Company has to demolish and restore the space back to the same condition before returning the rental space.

As at June 30, 2012 and December 31, 2011, the Company had the balance of refundable deposits from rental places and equipment and others in the total amount of Baht 98.30 million and 91.82 million, respectively. At the maturity date, the security money will be refunded to the Company after deducting the expenses as specified in the contract.

As at June 30, 2012 and December 31, 2011, the Company had the letter of guarantee issued by a financial institution to secure the purchase of goods with 2 local companies in the amount of Baht 3.00 million and Baht 1.50 million, respectively.

24. FINANCIAL INFORMATION BY SEGMENT

The Company operates one business segment which is a restaurant serving Suki and Japanese food and grill food with geographical area in Thailand. Therefore, the revenues, profits and assets shown in the financial statements are entirely related to the business segment and geographical segment as described.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

25. Investment in Daidomon’s business

25.1 Details in the acquisition contract of Daidomon’s business

According to the extraordinary meeting of shareholders No. 4/2011 on October 18, 2011, the meeting had approved the Company to purchase the restaurant business from Daidomon Group (Public) Company Limited (Daidomon had registered the name change to We Retail Public Company Limited on November 24, 2011). Later, on November 25, 2011, the Company (as buyer) had agreed to sign the business contract with Daidomon Group (Public) Company Limited (as seller) with the agreed selling price of Baht 45.00 million (excluded Value Added Tax). The seller’s businesses which had been sold to the Company included: 1) leasehold and rental contracts of central kitchen and all branches that are located in Bangkok, suburbs and big cities in Thailand 2) leasehold deposit 3) public utility deposit 4) fixed assets that include the Ekkamai rental office building 5) business contract 6) inventories 7) customers database 8) operating system 9) trademark and service signs 10) employees and 11) other assets that can be operated in business. The transfer of Daidomon’s business was effective on December 15, 2011.

The investment in Daidomon helps the Company’s restaurant business to enlarge rapidly to 25 branches (by closing down 1 branch on December 31, 2011 due to operation loss) with 5,129.44 square metres total branches areas and 1 head office with 1-2-97 rai area.

From this take over, Daidomon had exercised the right to buy back the leaseholds and services of 8 department stores in Bangkok and suburban areas with rental areas totaling 2,142.55 square metres and agreed for Hot Pot to be the buyer from Thanachart Bank Public Company Limited for Baht 86.32 million. This contract for leasehold of 8 branches had the term from 1 year and 6 months to 12 years. The Company had paid the deposit to buy the leasehold of these 8 branches for Baht 8.63 million to Thanachart Bank Public Company Limited (as financial institution creditor) since November 30, 2011. The rest is paid in installments as agreed upon the transfer of title from Daidomon Group (Public) Company Limited to Hot Pot (Public) Company Limited. The Company expects to pay the total balance in the third quarter of 2012.

25.2 The transfer of rights in assets and liabilities of the business unit

On December 15, 2011, the Company was transferred ownership in the assets and liabilities under the business acquisition contract with Daidomon Group (Public) Company Limited on the business, which relates to the 25 branches of restaurants and 1 office (see note 25.1). This contract was made under the scope of the asset acquisition contract dated November 25, 2011 between Hot Pot (Public) Company Limited and Daidomon Group (Public) Company Limited with the value of assets and liabilities transfer of Baht 45,777,604 (including Value Added Tax).

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

As the management deems that the book values of assets and liabilities mentioned above are close to their fair values or the differences are not significant, thus a revaluation of assets and liabilities has not been made.

The details of identifiable assets and liabilities presented at the book value (close to fair value) as at December 14, 2011 and goodwill are as follows:

	<u>Baht</u>
Identifiable assets and liabilities	
Inventories	3,261,974
Equipments	18,944,144
Leasehold	15,556,489
Leasehold deposits	8,158,532
Public utility deposits	1,041,669
VAT waiting for claim	3,154,547
Accrued severance pay	(2,100,736)
Other accrued expenses	(2,270,667)
Identifiable assets - net	45,745,952
Differences on investment payment and net assets value	<u>31,652</u>
Amount paid to acquire the business	45,777,604
<u>Less</u> Paid cheque No.1 dated December 15, 2011	(5,350,000)
Paid cheque No.2 dated December 28, 2011	<u>(6,687,500)</u>
Total payment	<u>(12,037,500)</u>
Account payable for the purchase of Daidomon's assets as of December 31, 2011	33,740,104
<u>Less</u> Payment to account payable for the purchase of Daidomon's assets during the year 2012	<u>(33,740,104)</u>
Account payable for the purchase of Daidomon's assets as of June 30, 2012	<u><u>-</u></u>

As at December 31, 2011, the Company has presented acquired assets and liabilities in the financial statement of the Company.

Inventories consist of dressing, meatball, fresh-dried food, fresh vegetables, seasonings, beverages and more.

Equipments consist of leasehold improvement, systems under leasehold improvement, furniture & finishing, kitchen equipment and office equipment.

Differences on investment payment and net assets value of Baht 31,652 is recognized in the statement of comprehensive income for the year ended December 31, 2011 under the caption

"Administrative expense". Since the amount of differences is not significant, therefore, the management has considered to record as expense in the period incurred.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

25.3 Contract to buy the leasehold of 2 more branches from Krung Thai Bank Plc.

Since Daidomon Group Plc. is a loan receivable of Krung Thai Bank Plc., Daidomon has mortgaged the leasehold of its 2 restaurants consisting of the branches at The Mall Tha Phra and Major Ekkamai. However, on January 10, 2012, Daidomon had transferred the leasehold to pay off the loan under the debt rehabilitation plan to Krung Thai Bank Plc. according to the contract PPK. 3688/2011, dated December 30, 2011.

Later, Hot Pot Public Company Limited requested to buy the leasehold of 2 restaurants from Krung Thai Bank Plc. by agreeing to pay in total Baht 10.62 million within December 28, 2012. For this reason, Hot Pot, the tenant, has to comply with the normal conditions of the lease contract as at December 31, 2011. Presently, the subtenant contract for name change is under the preparation process. However, Hot Pot was granted the permission to operate these restaurants since December 15, 2011. Thus, the leasehold above is recorded as asset and liability in the statement of financial position as at December 31, 2011.

25.4 Account payable - leasehold from financial institution consisted of :-

	Baht	
	As at June 30, 2012	As at December 31, 2011
Account payable - leasehold from Thanachart Bank Plc. (see note 25.1)	70,014,613	77,692,112
Account payable - leasehold from Krung Thai Bank Plc. (see note 25.3)	10,743,799	10,743,799
Total	<u>80,758,412</u>	<u>88,435,911</u>

Hot Pot's main purposes in acquiring Daidomon restaurant business are to expand a new business by adding Japanese style grilled or broiled dishes under the original name of Daidomon, which is already a brand perceived by the market and to take possession of the leaseholds in big department stores altogether 25 branches (As at December 31, 2011, the Company had closed down 1 branch because of the operating loss) that are scattered throughout Bangkok, suburbs and big cities in Thailand. In addition, customers' databases are also taken into the purpose of the acquisition. However, it was not the key purpose to buy and obtain any economic benefits from operation system, personnel and fixed assets (rental office building, furniture & fixture, kitchen equipment, office equipment and others). Hot Pot will gradually change and develop the grill segment from the old restaurant design to the new design (a grilled food buffet style, fixed price based on headcount) within a period of 2 years from the date of acquiring the leaseholds (December 2011). For this reason, Hot Pot and Daidomon agreed to the buying and selling of the grill restaurant segment at the acquisition price that equals to the book value as at December

15, 2011. Therefore, the Company has measured the fair value of fixed assets and the leaseholds acquired at the purchase value.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2012

The price paid to acquire the leaseholds of 8 branches from Thanachart Bank Public Company Limited (Central Plaza Bangna, Central Ramintra, Future Park Bang Kare, The Mall Ngamwongwan, The Mall Bangkokkapi, The Mall Bang Kare, Central Pinklao, Future Park Rangsit) is the fair value assigned by the bank based on the carrying cost approach.

The price paid to acquire the leaseholds of 2 branches from Krung Thai Bank Public Company Limited (The Mall Tha Phra and Major Ekkamai) is the fair value assigned by the bank based on the calculation from the present return if there is a sublease of the leasehold to other party (by the income approach).

26. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Baht			
	For the three-month		For the six-month	
	periods ended June 30,		periods ended June 30,	
	2012	2011	2012	2011
Changes in inventories of finished goods and work in process	1,596,375	(2,270,668)	13,063,020	3,411,356
Raw materials and consumables used	195,582,872	155,874,614	384,113,707	300,900,667
Rental and service charge	67,937,842	41,557,976	131,593,674	81,837,306
Expenses employee	87,702,287	59,218,060	174,418,816	115,696,054
Depreciation and amortization	33,492,925	20,306,960	63,981,993	39,461,284
Advertising and promotion expense	14,912,938	20,395,652	27,784,946	34,840,082
Loss from closing branches and renovation	30,765	685,717	1,204,918	1,198,588

27. CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to ensure that it has an appropriate financial structure and maintains the ability to continue its business as a going concern.

According to the balance sheet as at June 30, 2012 and December 31, 2011, the Company's debt to equity ratios are 2.12 : 1 and 2.47 : 1, respectively.

HOT POT PUBLIC COMPANY LIMITED
NOTES TO INTERIM FINANCIAL STATEMENTS (CONT.)
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28. OTHER

Termination Agreement

On 5 July 2011, all parties to the agreement consisting of Aureos South-East Asia Fund L.L.C., GSB Private Fund by One Asset Management Limited and sponsors and existing shareholders had entered into a Termination Agreement to terminate the Investment Agreement and other related agreements which include the Guarantee Agreement, the Undertaking Agreement, and the Pledge of Shares Agreement. These agreements will be terminated once the shares of the Company are listed and begin the first day trading on the Market for Alternation Investment (MAI) and are subject to completely satisfying the conditions as follows: 1) the Company completes the Initial Public Offering; 2) the Company or the sponsors and existing shareholders make the repayment of the Promissory Notes to Aureos South-East Asia Fund L.L.C. and GSB Private Fund by One Asset Management Limited within one business day from the date of registration of the increase in paid up capital in connection with the Initial Public Offering; and 3) the shares have been listed and begun trading on the Market for Alternative Investment.

As at June 30, 2012, the Company was allowed to take listing its securities on the Market for Alternative Investment (MAI) already (see Note 1 (a)).

29. APPROVAL OF FINANCIAL STATEMENTS

These interim financial statements have been approved by the Company's management on August 9, 2012.