

# **HRC WORLD PLC**

## **INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the six months period ended 31 December 2017**

## **HRC WORLD PLC**

### **DIRECTOR'S STATEMENT**

I am happy to announce that the Company was successfully admitted on the Nasdaq First North stock exchange on 1 February 2018. On admission the Company became the ultimate holding company of a group of companies who has obtained right for Hard Rock Café franchise in China.

We are excited about this opportunity and look forward to building value from the brand and further innovate to deliver consumer value and customer leadership faster and better than our competitors.

We are confident that we are able to achieve this in shortest possible time based on our fundamental principles and foundation in organisational excellence and good core values.

**Director**  
**23 February, 2018**

## Condensed Statement of Comprehensive Income

|   |             | Six months<br>ended<br>31 Dec 2017<br>\$000<br>(Unaudited) | Six months<br>ended<br>31 Dec 2016<br>\$000<br>(Unaudited) |
|---|-------------|--|--|
|   | <i>Note</i> |  |  |
| <b>Turnover</b>   |             | 3,364  | 424  |
| Cost of sales   |             | (2,141)  | (394)  |
| <b>Gross profit</b>   |             | 1,223  | 30   |
| General and Administrative expenses   |             | (2,693)  | (1,841)  |
| <b>Operating loss</b>   |             | (1,470)  | (1,811)  |
| Finance costs   |             | (173)  | (1,139)  |
| <b>Loss for the period before taxation</b>                                    |             | (1,643)  | (2,950)  |
| Income tax  | 5           | -  | -  |
| Loss for the period   |             | (1,643)  | (2,950)  |
| <b>Items that may be reclassified subsequently to profit or loss:</b>         |             |  |  |
| <b>Other comprehensive income</b>   |             |  |  |
| Translation of foreign operations   |             | 154  | (79)   |
| <b>Total comprehensive loss attributable to owners of the parent</b>          |             | (1,489)  | (3,029)  |
| Basic and diluted loss per share<br>attributable to owners of the parent (\$) | 12          | (0.30)   | (0.54)   |

## Condensed Statements of Financial Position

|                                   | Note | 31 Dec 2017<br>\$000<br>(Unaudited) | 30 Jun 2017<br>\$000<br>(Unaudited) | 31 Dec 2016<br>\$000<br>(Proforma) |
|-----------------------------------|------|-------------------------------------|-------------------------------------|------------------------------------|
| <b>Non-current assets</b>         |      |                                     |                                     |                                    |
| Property, plant and equipment     | 7    | 2,806                               | 2,714                               | 1,225                              |
| Intangible assets                 | 8    | 1,302                               | 1,375                               | 1,450                              |
|                                   |      | <u>4,108</u>                        | <u>4,088</u>                        | <u>2,675</u>                       |
| <b>Current assets</b>             |      |                                     |                                     |                                    |
| Construction in progress          |      | -                                   | -                                   | 894                                |
| Inventories                       |      | 184                                 | 211                                 | 280                                |
| Prepayments and other receivables | 9    | 1,671                               | 1,125                               | 513                                |
| Amount due from related companies | 11   | 1,868                               | 1,777                               | 1,681                              |
| Cash and cash equivalents         |      | 179                                 | 644                                 | 2,223                              |
|                                   |      | <u>3,902</u>                        | <u>3,757</u>                        | <u>5,591</u>                       |
| <b>Current liabilities</b>        |      |                                     |                                     |                                    |
| Trade payables                    |      | 386                                 | 245                                 | 686                                |
| Interest payable                  |      | -                                   | 4,271                               | 2,233                              |
| Accruals and other payables       |      | 1,454                               | 417                                 | 183                                |
| Amount due to a shareholder       | 11   | 7                                   | 7                                   | 7                                  |
| Amount due to a director          | 11   | 103                                 | 103                                 | 103                                |
|                                   |      | <u>1,950</u>                        | <u>5,043</u>                        | <u>3,212</u>                       |
| <b>Non- Current liabilities</b>   |      |                                     |                                     |                                    |
| Loan from a shareholder           | 10   | -                                   | 9,069                               | 8,483                              |
|                                   |      | <u>-</u>                            | <u>9,069</u>                        | <u>8,483</u>                       |
| <b>Net Liabilities</b>            |      | <u>6,060</u>                        | <u>(6,267)</u>                      | <u>(3,429)</u>                     |
| <b>Equity</b>                     |      |                                     |                                     |                                    |
| Share capital                     | 13   | 68                                  | -                                   | -                                  |
| Merger reserve                    |      | 14,548                              | 800                                 | 800                                |
| Translation reserve               |      | 152                                 | (2)                                 | (79)                               |
| Accumulated losses                |      | (8,708)                             | (7,065)                             | (4,150)                            |
|                                   |      | <u>6,060</u>                        | <u>(6,267)</u>                      | <u>(3,429)</u>                     |
| <b>Total Equity</b>               |      | <u>6,060</u>                        | <u>(6,267)</u>                      | <u>(3,429)</u>                     |

## Condensed Statement of Changes in Equity

| <i>(Unaudited)</i>                                     | Share<br>capital<br>\$000 | Merger<br>reserve<br>\$000 | Translation<br>reserve<br>\$000 | Accumulated<br>losses<br>\$000 | Total Equity<br>\$000 |
|--|---------------------------|----------------------------|---------------------------------|--------------------------------|-----------------------|
| <b>Proforma Balance at 30 June 2016</b>                | -                         | 1                          | -                               | (1,200)                        | (1,199)               |
| Loss for the six months ended 31<br>December 2016      | -                         | -                          | -                               | (2,950)                        | (2,950)               |
| Exchange difference on foreign currency<br>translation | -                         | -                          | (79)                            | -                              | (79)                  |
| <b>Total comprehensive loss for the<br/>period</b>     | -                         | -                          | (79)                            | (2,950)                        | (3,029)               |
| <b>Transaction with owners</b>                         |                           |                            |                                 |                                |                       |
| Issuance of shares on group<br>reconstruction          | -                         | 799                        | -                               | -                              | 799                   |
| <b>Balance at 31 December 2016</b>                     | -                         | 800                        | (79)                            | (4,150)                        | (3,429)               |
| Loss for the six months ended 30 June<br>2017          | -                         | -                          | -                               | (2,915)                        | (2,915)               |
| Exchange difference on foreign currency<br>translation | -                         | -                          | 77                              | -                              | 77                    |
| <b>Total comprehensive loss for the<br/>period</b>     | -                         | -                          | 77                              | (2,915)                        | (2,838)               |
| <b>Balance at 30 June 2017</b>                         | -                         | 800                        | (2)                             | (7,065)                        | (6,267)               |
| Loss for the six months ended 31<br>December 2017      | -                         | -                          | -                               | (1,643)                        | (1,643)               |
| Exchange difference on foreign currency<br>translation | -                         | -                          | 154                             | -                              | 154                   |
| <b>Total comprehensive loss for the<br/>period</b>     | -                         | -                          | 154                             | (1,643)                        | (1,489)               |
| <b>Transaction with owners</b>                         |                           |                            |                                 |                                |                       |
| Issuance of shares on group<br>reconstruction          | 68                        | 13,748                     | -                               | -                              | 13,816                |
| <b>Balance at 31 December 2017</b>                     | 68                        | 14,548                     | 152                             | (8,708)                        | 6,060                 |

## Condensed Statement of Cash Flows

|   | Six Months<br>ended<br>31 Dec 2017<br>\$000<br>(Unaudited) | Six Months<br>ended<br>31 Dec 2016<br>\$000<br>(Unaudited) |
|---|--|--|
| <b>Cash flow from operating activities</b>                      |  |  |
| Loss for the period before taxation                             | (1,640)  | (2,950)  |
| <b>Adjustment for:</b>  |  |  |
| Loan interest expenses  | 173  | 1,138  |
| Depreciation of property, plant and equipment                   | 368  | 101  |
| Amortization of intangible assets                               | 182  | 98   |
| <b>Operating cash flows before movements in working capital</b> | <b>(917)</b>   | <b>(1,613)</b>   |
| Decrease in construction in progress                            | -  | (893)  |
| Decrease/(increase) in inventories                              | 27   | (281)  |
| Decrease/(increase) in prepayments and other receivables        | (546)  | 376  |
| Increase in amount due to related companies                     | (90)   | (874)  |
| Decrease in trade and other payables                            | 1,331  | 475  |
| <b>Cash absorbed in operating activities</b>                    | <b>(195)</b>   | <b>(2,810)</b>   |
| Interest paid   | -  | -  |
| <b>Net cash used in operating activities</b>                    | <b>(195)</b>   | <b>(2,810)</b>   |
| <b>Cash flows (for)/from investing activities</b>               |  |  |
| Payments for acquisition of property, plant and equipment       | (353)  | (1,496)  |
| Franchise agreement   | -  | (500)  |
| <b>Net cash used in investing activities</b>                    | <b>(353)</b>   | <b>(1,996)</b>   |
| <b>Cash flows (for)/from financing activities</b>               |  |  |
| Issuance of shares  | 68   | 799  |
| Proceeds from loan from a shareholder                           | -  | 5,483  |
| <b>Net cash generated from financing activities</b>             | <b>68</b>  | <b>6,282</b>   |
| <b>Net increase in cash &amp; cash equivalents</b>              | <b>(480)</b>   | <b>1,476</b>   |
| Effects of foreign exchange translation                         | 15   | (20)   |
| Cash and equivalent at beginning of period                      | 644  | 767  |
| <b>Cash and equivalent at end of period</b>                     | <b>179</b>   | <b>2,223</b>   |

## Notes to the Interim Financial Information

### 1. General information

HRC World plc (“the Company”) was incorporated in England and Wales under the Companies Act 2006 as a public limited company on 21 June 2017. The registered office of the Company is Suite A, 6 Honduras Street, London, United Kingdom, EC1Y 0TH.

On 1 February 2018, the Company issued 142.79 million ordinary shares at par value of EUR0.01 to the nominees of the holders of the share capital of Hard Rock Capital Limited (“HRC”), the holder of the entire share capital of ADA Holdings Limited at that date, in consideration for the transfer of the entire issued share capital of HRC to the PLC pursuant to the share swap agreement.

At the same date, the Company has its primary listing on the Nasdaq First North, Denmark. The Company’s nature of operations is to act as the holding company of a group of subsidiaries that are established to exploit high quality food and beverage opportunities, initially in Greater China and then beyond.

The consolidated financial information includes the financial information of the Company and its controlled subsidiaries (the “Group”) are as follow:

| Name of company  | Country of incorporation   | Principal activities                                   | Effective Interest |      |
|--|----------------------------|--|--------------------|------|
|  |                            |  | 2017               | 2016 |
| ADA Holdings Limited   | Hong Kong                  | Investment holding                                     | 100%               | 100% |
| Ada Ventures China Café Management & Trading Co., Limited<br>(奧味餐飲管理上海有限公司)    | People's Republic of China | Restaurant management                                  | 100%               | 100% |
| Shanghai Ou Yue Food And Bar Management Co., Ltd<br>(上海歐悅餐飲管理有限公司)             | People's Republic of China | Restaurant management                                  | 100%               | 100% |
| Miaoshi Food And Food And Bar Management (Hangzhou) Co., Ltd<br>(妙食餐飲管理杭州有限公司) | People's Republic of China | Restaurant management, food manufacturing and trading. | 100%               | 100% |

Although the Group reconstruction did not become unconditional until 1 February 2018, these consolidated financial information are presented as if the Group structure has always been in place, including the activity from incorporation of the Group's principal subsidiary. Both entities had the same management as well as majority of shareholders. Accordingly, the consolidated financial information for the six month period ended 31 December 2016 and 2017 are presented on a pro forma basis.

### 2. Basis of Preparation

The consolidated financial information, which has not been audited, has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

This consolidated financial information is for the six month period ended 31 December 2017. It does not include all of the information required for full annual financial statements and should be read in conjunction with the financial information set out in the section 6 of the Company Description dated 1 February 2018.

This interim financial information has been prepared in accordance with the accounting policies adopted in the preparation of the financial information set out in the Company Description referred above and as disclosed below.

### **3. Basis of consolidation**

The consolidated financial information includes the financial information of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

The acquisition of Ada Holding Limited by the Company on 1 February 2018 has been accounted for as a business combination amongst entities under common control and therefore it fell outside the scope of IFRS 3 (revised 2008). On this basis, the Directors have decided that it is appropriate to reflect the combination using merger accounting principles as a group reconstruction in order to give a true and fair view. No fair value adjustments have been made as a result of the combination.

Under the merger accounting principles, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Intra-group transactions, balances, income and expenses are eliminated on consolidation. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

### **4. Presentational currency**

The financial information has been presented in US Dollars ("\$"), the Group's presentational currency, and rounded into thousands (\$'000) unless otherwise stated. Renminbi ("RMB") is the currency of the primary economic environment in which the Group operates. The directors have chosen to present financial information in US Dollars due to the international exposure and shareholders of the entity.

### **5. Income Tax expense**

The tax charge on the results has been calculated at the rates of tax prevailing in the countries in which the Operating Group operates, based on existing legislation, interpretation and practices in respect thereof.



## 6. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Operating Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

Based on management information no segmental reporting required as the business is generated from a single geographical area, P.R China, where all of its assets and liabilities are located.

Information on business segments is not presented on a basis of allocation of assets, capital expenditure and operations as this information is not included in the internal reporting provided to the chief operating decision maker.

### Revenue

|                | <b>Six months<br/>ended 31<br/>December 2017<br/>\$000</b> | <b>Six months<br/>ended 31<br/>December 2016<br/>\$000</b> |
|----------------|--|--|
| Café operation | 3,364  | 424  |
| <b>Total</b>   | <b>3,364</b>   | <b>424</b>   |

Management measures revenues by reference to the Group's core services and products and related services, which underpin such income.

No customer has accounted for more than 10% of total revenue during the periods presented.

## 7. Property, plant and equipment

|                                 | Decoration   |              | Furniture and fixtures |             | Computers & equipment |             | Total        |              |
|---------------------------------|--------------|--------------|------------------------|-------------|-----------------------|-------------|--------------|--------------|
|                                 | 31 Dec 17    | 30 Jun 17    | 31 Dec 17              | 30 Jun 17   | 31 Dec 17             | 30 Jun 17   | 31 Dec 17    | 31 Dec 16    |
|                                 | \$'000       | \$'000       | \$'000                 | \$'000      | \$'000                | \$'000      | \$'000       | \$'000       |
| <b>Cost</b>                     |              |              |                        |             |                       |             |              |              |
| Brought forward                 | 2,500        | 1,028        | 92                     | 58          | 469                   | 233         | 3,061        | 1,320        |
| Additions                       | 313          | 1,447        | 4                      | 32          | 36                    | 231         | 353          | 1,709        |
| Disposals                       |              |              |                        |             |                       |             |              |              |
| Forex translation               | 105          | 25           | 4                      | 2           | 21                    | 5           | 130          | 32           |
| <b>Carried forward</b>          | <b>2,918</b> | <b>2,500</b> | <b>100</b>             | <b>92</b>   | <b>526</b>            | <b>469</b>  | <b>3,544</b> | <b>3,061</b> |
| <b>Accumulated depreciation</b> |              |              |                        |             |                       |             |              |              |
| Brought forward                 | (284)        | (84)         | (10)                   | (2)         | (54)                  | (8)         | (348)        | (95)         |
| Depreciation                    | (299)        | (195)        | (10)                   | (8)         | (59)                  | (45)        | (368)        | (247)        |
| Forex translation               | (18)         | (5)          | (1)                    | -           | (3)                   | (1)         | (22)         | (6)          |
| <b>Carried forward</b>          | <b>(601)</b> | <b>(284)</b> | <b>(21)</b>            | <b>(10)</b> | <b>(116)</b>          | <b>(54)</b> | <b>(738)</b> | <b>(348)</b> |
| <b>NBV b/fwd</b>                | <b>2,216</b> | <b>944</b>   | <b>82</b>              | <b>56</b>   | <b>416</b>            | <b>225</b>  | <b>2,714</b> | <b>1,225</b> |
| <b>NBV c/fwd</b>                | <b>2,317</b> | <b>2,216</b> | <b>79</b>              | <b>82</b>   | <b>410</b>            | <b>416</b>  | <b>2,806</b> | <b>2,714</b> |

## 8. Intangible assets

|                                 | Franchise    |              | Software    |             | Total        |              |
|---------------------------------|--------------|--------------|-------------|-------------|--------------|--------------|
|                                 | 31 Dec 17    | 30 Jun 17    | 31 Dec 17   | 30 Jun 17   | 31 Dec 17    | 30 Jun 17    |
|                                 | \$'000       | \$'000       | \$'000      | \$'000      | \$'000       | \$'000       |
| <b>Cost</b>                     |              |              |             |             |              |              |
| Brought forward                 | 1,450        | 1,450        | 176         | 176         | 1,626        | 1,626        |
| Additions                       | -            | -            | -           | -           | -            | -            |
| Forex translation               | 34           | 12           | 7           | 4           | 41           | 16           |
| <b>Carried forward</b>          | <b>1,484</b> | <b>1,462</b> | <b>183</b>  | <b>180</b>  | <b>1,667</b> | <b>1,642</b> |
| <b>Accumulated amortisation</b> |              |              |             |             |              |              |
| Brought forward                 | (170)        | (170)        | (6)         | (6)         | (176)        | (176)        |
| Amortisation                    | (147)        | (73)         | (35)        | (18)        | (182)        | (91)         |
| Forex translation               | (5)          | (1)          | (2)         | -           | (7)          | (1)          |
| <b>Carried forward</b>          | <b>(322)</b> | <b>(244)</b> | <b>(43)</b> | <b>(24)</b> | <b>(365)</b> | <b>(268)</b> |
| <b>NBV b/fwd</b>                | <b>1,280</b> | <b>1,280</b> | <b>170</b>  | <b>170</b>  | <b>1,450</b> | <b>1,450</b> |
| <b>NBV c/fwd</b>                | <b>1,162</b> | <b>1,218</b> | <b>140</b>  | <b>156</b>  | <b>1,302</b> | <b>1,374</b> |

## 9. Other receivables and prepayments

|                          | 31 Dec 17<br>\$000 | 31 Dec 16<br>\$000 |
|--------------------------|--------------------|--------------------|
| Other receivables        | 1,549              | 385                |
| Deposits and prepayments | 122                | 128                |
|                          | <u>1,671</u>       | <u>513</u>         |

## 10. Loans from shareholder

|                          | 31 Dec 17<br>\$000 | 31 Dec 16<br>\$000 |
|--------------------------|--------------------|--------------------|
| Advance from Shareholder | -                  | 8,483              |

The loan from a shareholder is interest-bearing at 50% p.a. and to reduce yearly by 10% p.a. to final rate of 10% p.a. unsecured, and has no fixed term of repayment, and the carrying amount approximates its fair value.

On 5 September 2017 the principal loan amount with interest of \$13,747,676 was converted to equity upon issuance of 13,747,676 Ordinary Shares in the Ada Holdings Limited pursuant to the subscription agreement between the Company and the shareholder of Ada Holdings Limited dated 31 May 2016

## 11. Amounts due from/(to) related parties

|                                      | 31 Dec 17<br>\$000 | 31 Dec 16<br>\$000 |
|--------------------------------------|--------------------|--------------------|
| Due from a related parties           |                    |                    |
| Ada Ventures (Malaysia) Sdn Bhd      | 1,868              | 1,681              |
| Due to related parties               |                    |                    |
| Shareholder                          | (7)                | (7)                |
| Director - Noorusa'adah Binti Othman | (103)              | (103)              |

Noorusa'adah Binti Othman is also a shareholder and director of Ada Ventures (Malaysia) Sdn Bhd

## 12. Basic and diluted loss per share

|  | Unaudited<br>31 Dec 17 | Unaudited<br>31 Dec 16 |
|--|------------------------|------------------------|
| Loss for the period, used in the calculation of total basic and diluted loss per share (\$000) | 1,643                  | 2,950                  |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 5,492,776              | 5,492,776              |
| Basic and diluted loss per share attributable to owners of the parent (\$)                     | <u>0.30</u>            | <u>0.54</u>            |

Basic loss per share is based on the weighted average number of ordinary shares in issue during the period. Diluted loss per share would assume conversion of all potentially dilutive ordinary shares. The Group has no potentially dilutive ordinary shares. The consolidated financial information represents the historical information prior to a group reorganisation on 1 February 2018 whereby the Company became the parent company of the enlarged group. It is of limited significance to calculate earnings per share on the historical equity of the companies forming the Group prior to the reorganisation. Accordingly, a pro forma loss per share has been included based on the number of shares in the Company in issue as at 31 December 2017.

### 13. Share capital

Analysis of issued share capital:

| <b>As at 31 December 2017</b>           | <b>Number of shares</b> | <b>Share Capital (\$000)</b> |
|---|-------------------------|------------------------------|
| Ordinary shares of €0.01 (\$0.012) each | 5,710,000               | 68                           |
|   |                         | <b>68</b>                    |

### 14. Significant related party transactions

|                                 | <b>31 Dec 17<br/>\$000</b> | <b>31 Dec 16<br/>\$000</b> |
|---------------------------------|----------------------------|----------------------------|
| <b>Amount owing to Director</b> |                            |                            |
| Noorusa'adah Othman             | 103                        | 103                        |

All amounts are unsecured, interest-free and repayable on demand. The amounts are classified within current liabilities under 'Amounts due to/from directors'.

### 17. Subsequent events

On 1 February 2018, the Company issued and allotted 142,790,000 Ordinary Shares to the nominees of the holders of the share capital of Hard Rock Capital Limited ("HRC"), the holder of the entire share capital of Ada Holdings Limited, in consideration for the transfer of the entire issued and paid up capital of these companies to the Company pursuant to the Share Swap Agreement.

### 17. Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.