



HRC World plc

(England & Wales Company No. 10829936)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 September 2018

HRC WORLD PLC

DIRECTOR'S STATEMENT

I am happy to announce the interim results of HRC World Plc (the Company). As you may be aware, on 30th July 2018, the Company announced that it planned to further enhance its operating structure to accommodate the available opportunities in its business expansion plans in China and to accommodate any proposed expansion opportunities into other F&B brands. Accordingly, in the past several months the Company has been actively exploring new business opportunities in China and Hong Kong in the themed restaurant and/or music entertainment segment.

The Company entered into a Share Sale Agreement with Ada Ventures for the sale of HRC Asia Ltd for USD20mil which was approved in the Company's Annual General Meeting on the 23 Aug 2018. Separately, the Company has agreed to enter into a Restaurant Management Agreement (RMA) with HRC Asia Ltd for the management of any restaurants under its flagship specifically expansion, development and operations across China and in additional territories.

The Company further anticipates to offer the same with other organizations, developing tourist-based and event-based revenues in all future restaurants that the Company plans to manage and it will reduce the Company's dependence on any single brand. In addition, this bodes well with the Company's HRC Music initiative that has been in the works in the last few months.

Alex George

Director

30 November, 2018

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 Sep 2018 \$000 (Unaudited)	Six months ended 30 Sep 2017 \$000 (Unaudited)
	Note		
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		-	-
Selling and marketing expenses		-	-
General and administrative expenses		(211)	-
Operating loss		(211)	-
Finance costs		-	-
Gain from disposal group	6	13,301	-
Gain/(Loss) for the period before taxation		13,090	-
Income tax	5	-	-
Profit/(Loss) from continuing operation		13,090	-
Discontinued operations			
Loss from discontinued operation	6	(1,235)	(2,423)
Loss attributable to the owners of the company		11,855	(2,423)
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income			
Translation of foreign operations		-	(185)
Total comprehensive income/(loss) for the period		11,855	(2,608)
Total comprehensive income/(loss) for the period attributable to the owners of the company arises from:			
Continuing operations		13,090	-
Discontinued operations		(1,235)	(2,608)
		11,855	(2,608)
Earnings per share from continuing operations attributable to the owners of the company			
Earnings/(loss) per share (basic and diluted) cent/share	12	0.087	-
Earnings per share attributable to the owners of the company			
Earnings/(loss) per share (basic and diluted) cent/share	12	0.087	-

Condensed Consolidated Statements of Financial Position

	Note	30 Sep 2018 \$000 (Unaudited)	31 Mar 2018 \$000 (Audited)
Non-current assets			
Property, plant and equipment	7	-	2,751
Intangible assets	8	-	1,346
		<u>-</u>	<u>4,097</u>
Current assets			
Inventories		-	178
Trade and other receivables	9	18,152	1,181
Amount due from related companies		-	1,885
Amounts due from a shareholder		-	314
Cash and cash equivalents		25	456
		<u>18,177</u>	<u>4,014</u>
Current liabilities			
Trade and other payables	10	153	1,731
Amount due to a shareholder	11	349	245
Amount due to director	11	73	103
		<u>575</u>	<u>2,079</u>
Net Current Asset/(Liabilities)		<u>17,602</u>	<u>1,935</u>
Net Assets/(Liabilities)		<u>17,602</u>	<u>6,032</u>
Capital and reserve			
Share capital	13	1,849	1,849
Share premium		1,808	1,808
Translation reserve		-	285
Merger reserve		12,799	12,799
Retained earnings		1,146	(10,709)
Total Equity		<u>17,602</u>	<u>6,032</u>

Condensed Consolidated Statement of Changes in Equity

<i>(Unaudited)</i>	Share capital \$000	Share premium \$000	Merger reserve \$000	Translation reserve \$000	Retained earnings \$000	Total Equity \$000
Balance at 31 December 2016	-	-	800	(79)	(4,150)	(3,429)
Exchange difference on foreign currency translation	-	-	-	364	-	364
Loss for the period	-	-	-	-	(6,559)	(6,559)
Total comprehensive loss for the period	-	-	-	364	(6,559)	(6,195)
Transaction with owners						
Issuance of shares on group reconstruction	1,849	1,830	11,999	-	-	15,678
Issuance cost	-	(22)	-	-	-	(22)
Balance at 31 March 2018	1,849	1,808	12,799	285	(10,709)	6,032
Profit for the period	-	-	-	(285)	11,855	11,570
Total comprehensive loss for the period	-	-	-	(285)	11,855	11,570
Balance at 30 September 2018	1,849	1,808	12,799	-	1,146	17,602

Condensed Consolidated Statement of Cash Flows

	Six Months ended 30 Sep 2018 \$000 (Unaudited)	Six Months ended 30 Sep 2017 \$000 (Unaudited)
Cash flow from operating activities		
Gain/(loss) for the period before taxation	13,090	-
Adjustment for:		
Gain on disposal of group subsidiaries	(13,301)	-
Operating cash flows before movements in working capital	(211)	-
Decrease/(increase) in inventories	-	-
Decrease/(increase) in receivables	(15)	-
Decrease in trade and other payables	(279)	(594)
(Increases)/decrease in amount due to shareholders	104	-
Decrease in amount due to a director	(30)	-
Cash absorbed in operating activities	(431)	(594)
Interest paid	-	-
Net cash used in operating activities	(431)	(594)
 Net increase in cash & cash equivalents	 (431)	 (594)
Effects of foreign exchange translation	-	-
Cash and equivalent at beginning of period	456	847
Cash and equivalent at end of period	25	253

The material non-cash transaction relating to the proceeds of the consideration receivable for the disposal subsidiary group during the period, as disclosed in note 6.

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 6 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 HRC Asia Ltd (formerly known as Hard Rock Capital Limited), 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 Asia Ltd to the Company 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 Company has entered into a Share Sale Agreement, which was approved by the Stamp Office on 30 July 2018, with Ada Ventures (Malaysia) Sdn Bhd, the original founder of the franchisee of Hard Rock franchise in China, for the sale of HRC Asia Ltd. The consideration receivable by the Company under this agreement is USD20mil. HRC Asia Ltd is the company that owns the existing Hard Rock Cafes in China. The sale will be tabled for shareholder approval in the Company’s Annual General Meeting on the 23 August 2018.

Separately, the Company has agreed to enter into a Restaurant Management Agreement (RMA) with HRC Asia Ltd, which shall be effective within 30-days after 23 August 2018, for the management of the Hard Rock Café expansion, development and operations across China and in additional territories as planned earlier. The RMA essentially maintains the involvement of the Company in the Hard Rock Cafés in China but on a management as opposed to ownership basis. The RMA provides for the Company to make available (1) restaurant marketing and promotion support services, (2) tourist based customer acquisition services, and (3) music & event based revenue development. The Company will not be involved in the day-to-day operations of the restaurants engaged under the RMA and further relieves the company of the capex requirements for new cafes.

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 consolidated financial information has 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 30 September 2018. It does not include all of the information required for full annual financial statements and should be read in conjunction with the annual report for the period ended 31 March 2018 and any public announcements made by the Company during the interim reporting period.

This interim financial information has been prepared in accordance with the accounting policies consistently with those of the annual report for period ended 31 March 2018.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profits or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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 Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. Disposal of subsidiary group

In accordance to Share Sale Agreement entered between the Company and Ada Ventures (Malaysia) Sdn Bhd ("Ada Venture Malaysia") effective 30 July 2018, HRC Asia Ltd and its subsidiaries was disposed to Ada Ventures Malaysia for consideration of US\$20,000,000 net off current liabilities payable by HRC Asia Ltd as at transaction date.

Income Statement of disposed subsidiary group

	Six months ended 30 Sep 2018 \$000	Six months ended 30 Sep 2017 \$000
Turnover	923	3,632
Cost of sales	(327)	(2,740)
Gross profit	596	892
Other income	1	-
Selling and marketing expenses	(35)	(209)
General and administrative expenses	(1,797)	(1,656)
Operating loss	(1,235)	(973)
Finance cost	-	(1,450)
Loss before taxation	(1,235)	(2,423)
Income tax	-	-
Loss from discontinued operation	(1,235)	(2,423)

The net cash flows incurred by the disposed subsidiary group, as follow:

	Six months ended 30 Sep 2018 \$000	Six months ended 30 Sep 2017 \$000
Operating	(29)	143
Investing	-	(38)
Financing	-	489
Net cash inflow/(outflow)	(29)	594

Loss per share from discontinued operations

Basic loss per shares (\$)	(0.008)	N/A
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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

	Geographical segment	Six months ended 30 Sep 2018 \$000	Six months ended 30 Sep 2017 \$000
Café operation	China	923	1,832
Event management	Hong Kong	-	1,800
Total		923	3,632

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

Gain on disposal

	\$000
Consideration receivable	20,000
Less: forgiveness of debt owed by Ada Venture Malaysia	(1,887)
Net proceed	18,113
Disposal group net assets	(4,875)
Exchange differences reclassified	63
Gain on disposal	13,301

7. Property, plant and equipment

	Decoration		Furniture and fixtures		Computers & equipment		Total	
	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
Brought forward	2,967	1,922	104	58	546	233	3,617	2,213
Additions	-	812	-	36	-	269	-	1,117
Disposals	(2,731)	-	(96)	-	(501)	-	(3,328)	-
Forex translation	(236)	233	(8)	10	(45)	44	(289)	287
Carried forward	-	2,967	-	104	-	546	-	3,617
Accumulated depreciation								
Brought forward	(694)	(84)	(27)	(2)	(145)	(8)	(866)	(94)
Depreciation	(176)	(558)	(7)	(23)	(37)	(127)	(220)	(708)
Disposal	809	-	32	-	170	-	1,011	-
Forex translation	61	(55)	2	(2)	12	(10)	75	(64)
Carried forward	-	(694)	-	(27)	-	(145)	-	(866)
NBV b/fwd	2,273	1,838	77	56	401	225	2,751	2,119
NBV c/fwd	-	2,273	-	77	-	401	-	2,751

8. Intangible assets

	Franchise		Software		Total	
	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Brought forward	1,502	1,450	188	176	1,690	1,626
Disposal	(1,458)	-	(173)	-	(1,631)	-
Forex translation	(44)	12	(15)	12	(59)	64
Carried forward	-	1,502	-	188	-	1,690
Accumulated amortisation						
Brought forward	(291)	(170)	(53)	(6)	(344)	(176)
Amortisation	(50)	(114)	(20)	(45)	(70)	(159)
Disposal	334	-	68	-	402	-
Forex translation	7	(7)	5	(2)	12	(9)
Carried forward	-	(291)	-	(53)	-	(344)
NBV b/fwd	1,211	1,280	135	170	1,346	1,450
NBV c/fwd	-	1,211	-	136	-	1,346

9. Other receivables and prepayments

	30 Sep 2018 \$000	31 Mar 2018 \$000
Trade receivables	-	400
Prepayment	4	279
Other receivables	18,147	502
	18,151	1,181

10. Trade and other payable

	30 Sep 2018 \$000	31 Mar 2018 \$000
Trade payables	-	244
Accruals	-	46
Other payables	153	1,441
	153	1,731

11. Amounts due to related parties

	30 Sep 2018 \$000	31 Mar 2018 \$000
Shareholder - VCB (UK) Plc	349	7
Director - Shailen Gajera	43	
Director - Thong Teong Bun	15	
Director - Simon Retter	15	
Director - Datuk Norusaadah		103

12. Basic and diluted earnings/ (loss) per share

	Six months ended 30 Sep 2018 \$000	Six months ended 30 Sep 2017 \$000
Profit/(loss) for the period, used in the calculation of total basic and diluted loss per share (\$000)	13,090	-
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	150,000,000	-
Basic and diluted ^{earnings} /(loss) per share attributable to owners of the parent (\$)	0.087	N/A

Basic earnings/(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 comparative 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.

13. Share capital

Analysis of issued share capital:

	Number of ordinary shares	Share capital \$000	Share premium \$000
<u>Issued and fully paid</u>			
On incorporation	1	-	-
Issued on 7 July 2017	57,099	71	-
Subdivision of shares on 24 November 2017	5,652,900	-	-
Issued on 1 February 2018	142,790,000	1,760	-
Issued on 1 February 2018	1,500,000	18	1,830
Share issue costs	-	-	(22)
At 31 March 2018 and 30 September 2018	<u>150,000,000</u>	<u>1,849</u>	<u>1,808</u>

On 7 July 2017 the Company issued a further 57,099 ordinary shares of €1 credited as fully paid increasing its issued share capital to 57,100 ordinary shares of €1.

On 24 November 2017 an ordinary resolution was passed pursuant to which each ordinary share of €1 was subdivided into 100 ordinary shares €0.01.

On 1 February 2018 142,790,000 ordinary shares of €0.01 each were issued pursuant to the Share Exchange Agreement.

Prior to Admission, there were 148,500,000 fully paid up Ordinary Shares of €0.01 each in issue. At Admission, a further 1,500,000 Placing Shares were issued pursuant to the Placing.

14. Significant related party transactions

	30 Sep 2108 \$000	31 Mar 2018 \$000
Amount due from a related company		
ADA Ventures (Malaysia) Sdn Bhd	18,113	1,885
Amounts due from/(to) shareholders		
VCB AG	(349)	314
VCB AG	-	(245)
Amounts due to shareholders		
Noorusaadah Binti Othman	-	(245)

Amounts due to and from shareholders and related parties represent advances in connection with, and amounts payable arising from, funding arrangements preparatory to the Company's listing transaction. The directors consider the fair value of the amounts to materially approximate to their carrying amounts. Noorusaadah Binti Othman is also a shareholder of ADA Ventures (Malaysia) Sdn Bhd.

15. Subsequent events

There has been no events to report since the date of the interim report

16. Nature of the financial information

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