Translation

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BR GROUP

Bangkok Ranch Public Company Limited

Opinion of the Independent Financial Advisor

Acquisition of Assets and Connected Transaction

31 March 2016

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Glossary

Company / Entity

AA	American Appraisal (Thailand) Ltd.
BR or the Company	Bangkok Ranch PLC.
CPF	Charoen Pokphand Foods PCL.
GFPT	GFPT Public Company Limited
DTF	Duck-To Farm B.V.
DTH	Duck-To Holding B.V.
DTZ	Debenham Tie Leung (Thailand) Co., Ltd.
Duff & Phelps	Duff & Phelps, LLC
Ermel	Ermel's Hof B.V.
Lisuda	Lisuda Vastgoed B.V.
GTSL or IFA	Grant Thornton Services Ltd.
The SET	The Stock Exchange of Thailand
The SEC	The Securities and Exchange Commission

Other

Farm Lease Index	Lease index determined by the Ministry of Economic Affairs for farm area in the Netherlands
NPV	Net Present Value
The Notifications on Connected Transaction	The Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transaction dated 31 August 2008 and its amendments, and the Notification of the Securities and Exchange Commission Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 dated 19 November 2003 and its amendments
The Notifications on Acquisition or Disposal of Assets	The Notification of Capital Market Supervisory Board TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 dated 29 October 2004 and its amendments
NVRT	Nederlands Register Vastgoed Taxateurs or National Register of Valuers is the license for independent valuers in the Netherlands. The intendent valuers are required to follow NVRT's regulations. The license also covers the appraisal of the assets in agricultural industry
EUR	As per the exchange rate as of 25 February 2016, EUR 1 is THB 39.67 (Source: Bank of Thailand). In this case, EUR 1 is THB 40.
IRR*	The return calculated from the saving on land lease upon the acquisition of the asset based Gordon Model with the following calculation. PV = D1 / (IRR* - G) IRR* is the discount rate at which NPV equals zero NPV = price of land including related taxes – D1 / (IRR* - G) D1 is the rent inclusive of tax PV is the present value in the case the Company could maintain its rental rate G is the growth of rental rate based on Farm Lease Index
D_0	D_0 is the current rental rate inclusive of tax

[Translation]

This document is translated solely for convenience purpose. In the event of any inconsistency, the Thai version should be relied upon as official and definitive.

31 March 2016

Subject Opinion of the independent financial advisor regarding the acquisition of assets and connected transaction

To Shareholders of Bangkok Ranch Public Company Limited

The Board of Director's meeting of Bangkok Ranch Company Limited **("BR" or the "Company")** No.1/2016 held on 26 February 2016 has approved the connected transaction. In such transaction, Duck-To Farm B.V. **("DTF")**, the Company's subsidiary in the Netherlands together with Lisuda Vastgoed B.V. **("Lisuda")**, the Company's connected person, will purchase a plot of land and buildings composed of an executive house and other buildings used to operate breeder farm and hatchery in the Netherlands. The land and buildings are located at Harderwijkerweg 144-148 3853 AH ERMELO, Netherlands, with details as follows;

1. Land (1 certificate of ownership) with the total area of 34,585 square meters or 21-2-46.25 rai.
2. 1 house located on the land with the total area of 125 square meters.
3. Other buildings used to operate breeder farm and hatchery and located on the land with the total area of 18,134 square meters.

Currently, DTF is leased the land and buildings from Lisuda. Initially, the lease contract would last from 1 August 2014 to 31 July 2026 with DTF's right to extend the contract for another 6 year after its expiry. On 1 March 2016, DTF and Lisuda have mutually signed the Memorandum of Understanding to sell and purchase the land and buildings. The purchase price is EUR 3,025,000 or approximately THB 121 million (As of 25 February 2016, EUR 1 = THB

39.67 (Source: Bank of Thailand), hereinafter, EUR 1 = THB 40). The purchase price with related tax of EUR 171,900[1] or approximately THB 6.88 million is EUR 3,196,900 or approximately THB 127.88 million.

The acquisition of the land and buildings of DTF is deemed as the acquisition of asset in accordance to the Notification of Capital Market Supervisory Board TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 dated 29 October 2004 and its amendments **(the "Notifications on Acquisition or Disposal of Assets")**. According to the calculation of the transaction value, the largest transaction value which can be calculated by total value of consideration is 1.77%. The Company is not required to follow the procedures prescribed in the Notification on Acquisition or Disposal of Assets.

Nevertheless, the Company and Lisuda have the same group of major shareholders, namely Mr. Gertjan Tomassen, who indirectly holds shares in the Company via G.J. Tomaseen Holding B.V., Fly Eagle Holding Limited, Suchaovanich Friendship Co., Ltd. and JRGG Co., Ltd. ("JRGG"). In addition, he indirectly holds 100% issued and paid-up shares in Lisuda via G.J. Tomassen Holding B.V. Entering into such transaction are deemed as the connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transaction dated 31 August 2008 and its amendments, and the Notification of the Securities and Exchange Commission Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 dated 19 November 2003 and its amendments **(the "Notification on Connected Transactions")**. The transaction size is 6.39% of net tangible assets, greater than 3% of net tangible assets as prescribed in the Notification on Connected Transactions.

[1] Taxes: 2% of value of the executive house or EUR 4,800 and 6% of others excluding the executive house or EUR 167,100

Thus, in accordance to the Notification on Connected Transactions, the Company is required to seek approval from the shareholders' meeting with a minimum 3 out of 4 total votes from eligible shareholders who attend the meeting. The Company has distributed invitation letters along with the independent financial advisor's opinion to shareholders at least 14 days before the date of shareholders' meeting. The Board of Directors' meeting resolved to propose the transaction to the Annual General Meeting of Shareholders No. 1 on 25 April 2016 for consideration.

In order to provide the Company's shareholders with sufficient information regarding the connected transaction, the Board of Directors' meeting has appointed Grant Thornton Services Ltd. ("GTSL" or the "IFA") as the independent financial advisor to provide an opinion to the shareholders for consideration of the transaction.

GTSL as an independent financial advisor approved by The Securities and Exchange Commission of Thailand (the "SEC"), acting independently, has considered and studied the information regarding the transaction including the Company's and related companies' disclosure to the Stock Exchange of Thailand, public disclosure, the audited or reviewed financial statements of the Company and related companies, information from the Company and the Company's advisor, and the Company's management and related officers interview. The opinions of the IFA are based on the assumption that the received information and documents are complete, correct and true and based on the condition and the current available information. Any material change and/or occurrence and/or false information may materially affect the operation and the financial estimates of the Company which may also affect the IFA's opinion. The IFA has no obligations to update, review or confirm the IFA's opinions.

The IFA has considered and studied the information with prudence and reasonableness according to the professional standards. Appendices attached hereto are parts of the opinions and should be considered by the shareholders in conjunction with this report.

The IFA's Opinion on the transaction for which it is appointed to provide an independent opinion to the shareholders for consideration in passing the resolution in the extraordinary meeting of shareholders No. 1/2559 are summarised below.

1. Executive summary

The Board of Directors' meeting of Bangkok Ranch Public Company Limited ("BR" or the "Company") No.1/2016 held on 26 February, 2016 has approved and proposed to the annual general shareholders' meeting 2016 which will be held on 25 April, 2016 for consideration and approval of the acquisition of assets. In this transaction, Duck-To Farm B.V. ("DTF") intends to purchase a plot of land with executive housing and other buildings to operate a breeder farm and hatchery. The land and buildings are located at Harderwijkerweg 144-148 3853 AH ERMELO, Netherlands. The land and buildings have been purchased from Lisuda Vastgoed B.V. ("Lisuda") which is a related person of the Company, at the price of EUR 3,025,000 or approximately THB 121 million, subjective to related taxes EUR 171,900 or approximately THB 6.88 million. The total value is EUR 3,196,900 or approximately 127.88 million. The objective of this acquisition is to reduce the Company's risk in operating a breeder farm and hatchery in the Netherlands.

Currently, DTF has leased the land and buildings from Lisuda. The lease contract for the land and buildings was made on 1 August 2014, and will expire on 31 July 2026. DTF has the right to extend the lease contract for another 6 years after its expiry. Later, on 1 March 2016, DTF and Lisuda have mutually signed the Memorandum of Understanding (MoU), indicating their intention to sell and purchase the land and buildings. The initial purchase price is EUR 3,025,000[2] or approximately THB 121 million, subjective related taxes. However, the actual purchase price has to be lower than the average of the appraisal values by two independent valuers approved by the Securities and Exchange Commission

This transaction is deemed as a connected transaction of a listed company. The size of the transaction is 6.39% of the Company's net tangible assets, which is more than 3 % of the net tangible assets in accordance with the Notification on Connected Transaction and shall be considered as a connected transaction. (The diagram of the structure of the connected transaction is shown in Part 3).

Table 1-1: Calculation of the Size of Connected Transactions

Calculation Method	Description	Calculation[1]	Transaction size
1. Connected transaction size	Transaction value NTA of the Company[2]	127,876,000 2,000,553,461	6.39%

Note: 1. Based on the Company's audited financial statements ended 31 December 2015

2. Net tangible assets (NTA) is total assets – intangible assets – total liabilities – minority interest

According to the Notification on Connected Transaction, the Company is required to seek an approval from the shareholders' meeting with no less than 3 out of 4 of the total votes from shareholders who attend the

[2] The purchase price is based on the appraisal value by Duff & Phelps, LLC (EUR 3.29 million) with a discount of 8.8% from the reference price. The appraiser is approved with a license from Nederlands Register Vastgoed Taxateurs ("NRVT") or National Register of Valuers

meeting and are eligible the right to vote, excluding the votes of the shareholders who have interest in the transaction.

Based on the study of relevant information, such as conditions of the transaction, advantages, disadvantages and risks of the transaction as well as appropriateness of price and other conditions, the IFA' s opinion can be summarized as follows:-

1) DTF will own the land in which the breeder farm and the hatchery are located. Such buildings are currently used for operation. This acquisition would make breeder farm and hatchery businesses in the Netherlands more stable as there will be no risk of contract expiry. For example, Lisuda may propose to sell the land to other persons after the current contract expires.

2) Entering into this transaction will help mitigate risks from changes of conditions in the contract after the current contract's expiry in 2026 and even after the extension by DTF for another 6 years in 2032. For instance, if Lisuda intends to sell this land to another person, DTF will not be able to renew the contract after the expiry in 2032. In that case, DTF has to find a lease contract with another land owner in order to maintain its production base in the Netherlands. The new land owner may provide the rental rate and other conditions that significantly change from the current contract

3) Entering into the transaction will mitigate the risks of an increase in land price and changes in other terms to engage in the transaction if the Company intends to acquire this land in the future.

4) From this transaction, the Company expects to gain the internal rate of return of 9.94% (Details in Table 5-13: Internal rate of return), compared with potential savings on rent, which is higher than the Company's weighted average cost of capital ("WACC") of 8.52%. The growth of rental rate is 1.82%. The IFA views that the acquisition of the land and buildings will provide higher benefits to the Company than renting such assets.

5) The average of the appraisal values by the two independent appraisers by the SEC is EUR 3,173,500.0 or THB 126.9 million, which is greater than the agreed acquisition price between DTF and Lisuda at EUR 3,025,000 or THB 121.0 million. The acquisition price is exclusive of related taxes

Based on the reasons above, the IFA recommends the shareholders vote to approve the acquisition of assets and connected transaction

Nevertheless, the shareholders should consider appropriateness of the transaction and the IFA's opinions and note that the opinions rendered are based on an assumption that the data, information, documents, draft documents, and information received during the interviews with the executives and related persons are valid, complete, correct, and true and took into consideration the current conditions and information during the course of study. Any future change may also affect the IFA's opinions. Decision to approve the transaction is solely the shareholders' discretion.

2. Practice and Information Used in the Preparation of the IFA's Opinion

Grant Thornton Services Ltd. as an Independent Financial Advisor approved by the Securities and Exchange Commission, acting independently from the Company, has considered and studied the information regarding the restructuring from the Company's data and information disclosed to the SEC, the information provided by the Company and the Company's advisors and public information including:

- Resolutions of the Board of Directors' meeting and related information memorandum
- The Company's prospectus
- Annual registration statement (Form 56-1) of the Company and other related companies
- Auditor's reports and financial statements
- Appraisal reports by the valuers approved by the SEC, namely DTZ Debenham tie Leung (Thailand) Co.Ltd.and American Appraisal (Thailand) Ltd.
- Interviews with the management and related officers of the Company and related companies.
- Contracts and related documents; such as, land lease contract, land purchase contract, termination contract, land law of the Netherlands, land title deed, etc.
- Statistical data regarding the stock exchange, economic condition, and relevant industries.

The IFA's opinion is based on the assumption that information, documents as well as interviews with the management and officers of the Company and related companies are true and correct. The IFA has considered and studied with the prudence and reasonableness according to professional conduct. In addition, the IFA assumes that the documents and draft documents are enforceable and legally binding without any information, incidents or conditions that may affect transaction. However, the IFA has no reason to doubt that the aforementioned information is materially inaccurate or incomplete that would adversely affect the analysis of the information.

The IFA's opinion is based upon the industry, economic and other external conditions as they exist and can be evaluated during the time of the study only. The information is subject to change in due course and may have material effect on the opinion. The IFA assumes no obligation to update, revise or reaffirm the opinion stated herein.

The IFA's opinion is prepared for the use and benefits of the shareholders of the Company. The decision to approve or disapprove the transaction is subject to shareholders' discretion. The shareholders should study the information attached to this meeting invitation letter in order to exercise discretion in deciding the appropriate resolution.

3. Detail of the Transaction

The Board of Directors' meeting of Bangkok Ranch Public Company Limited ("BR" or "the Company") No. 1/2016 held on 26 February 2016 has approved the Company to acquire 1 unit of land together with buildings which are the executive house and other buildings that use to operate the breeder farm and hatchery business from Lisuda Vastgoed B.V. ("Lisuda") which is the connected person of the Company. The land and buildings are located at Harderwijkerweg 144-148 3853 AH ERMELO, Netherland. Previously, the rights on the land and buildings belonged to Ermel's Hof B.V. ("Ermel"), which Ermel then transfered the rights on the land and buildings to Lisuda on 28 February 2016. Later on, the Company could preliminarily agree on purchase condition.

During the past 2 years, the Company revised the lease contract as mentioned above. In addition, on 1 March 2016, the Company signed a memorandum of understanding to purchase the land with Lisuda.

The Board of Directors has approved and proposed to the shareholders' meeting to the Acquisition of the Assets, which has details as follows:

3.1. Date of the Transaction

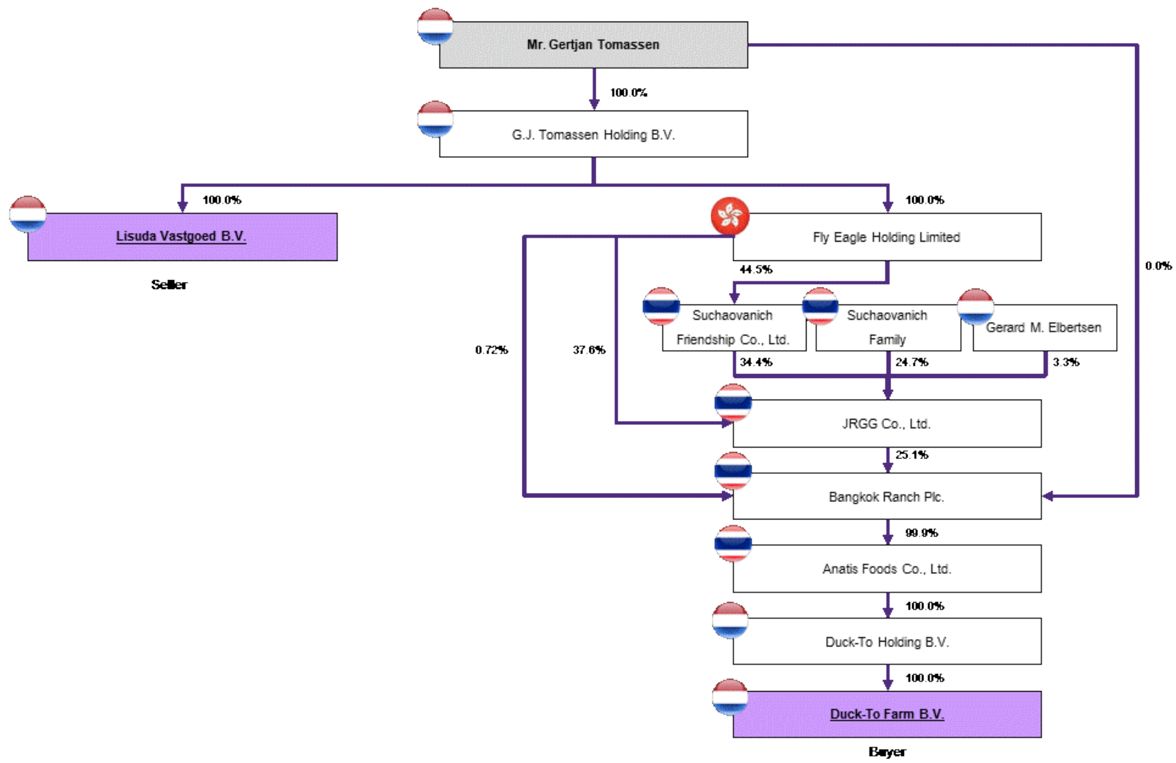
The transaction will occur only when it is approved from the Annual General Meeting which will be held on 25 April 2016. If the Company has an approval from the Annual General Meeting, the Company will be likely to complete this transaction by 30 April 2016.

3.2. Parties and Relationship with the Company

Table 3-1: Parties and Relationship with the Company

	Description
Buyer	Duck-To Farm B.V. (DTF)
Seller	Lisuda Vastgoed B.V. (Lisuda)
Relationship	Lisuda is owned by Mr. Gertjan Tomassen who is a major shareholder, committee of the Company with positioned as a Vice President, managing director in European region of the Company, and executive of Duck-To Holding B.V. ("DTH") which is a subsidiary of the Company.

Figure 3-1: Shareholding Structure of Connected Transaction



Note: Shareholders of Suchaovanich Friendship Co., Ltd. include Suchaovanich group with 51%, Fly Eagle Holding Limited with 44.55% and Gerrard Martin Elbertsen with 4.45%.
The shareholder in each company has voting rights in accordance with the number of shares held.

Table 3-2: Brief Information of Lisuda Vastgoed B.V.

	Description
Type of business	Property development
Registered and paid-up capital	EUR 1
Director	Mr. Gertjan Tomassen on behalf of G.J Tomassen Holding B.V.
Authorized director	Mr. Gertjan Tomassen on behalf of G.J Tomassen Holding B.V.

Source: The Netherlands Chamber of Commerce Commercial Register extract

Table 3-3: Shareholder of Lisuda Vastgoed B.V.

No.	Name	No. of share	%
1	G.J. Tomassen Holding B.V.	1	100%
	Total	**1**	**100%**

Source: The Netherlands Chamber of Commerce Commercial Register extract

Note: Name of shareholder as of 1 March 2016, latest book closing date

Table 3-4: Director of G.J. Tomassen Holding B.V.

No.	Name	Position
1	Mr. Gertjan Tomassen	Director

Source: The Netherlands Chamber of Commerce Commercial Register extract

Table 3-5: Shareholder of G.J. Tomassen Holding B.V.

No.	Name	No. of share	%
1	Mr. Gertjan Tomassen	18,000	100%
	Total	**18,000**	**100%**

Source: The Netherlands Chamber of Commerce Commercial Register extract

Note: Name of shareholder as of 1 March 2016, latest book closing date

According to the votes for this transaction, legal advisor of the Company has an opinion that JRGG Co., Ltd., Suchaovanich group, and Mr. Gerrard Martin Elbertsen can vote regarding this transaction because they are not stakeholders to this transaction. In the same way, Tomassen group who indirectly holds shares in JRGG Co. means that Tomassen group has no absolute control of the voting in JRGG Co., Ltd. However, the IFA views that the Company may not allow JRGG Co., Ltd., Suchaovanich group, and Mr. Gerrard Martin Elbertsen for conservatism.

3.2.1. General Information of the Transaction

The Company intends to do the agreement to acquire the assets which comprise of land and buildings with Lisuda, who is the connected person of the Company. The transaction is worth EUR 3,025,000 or approximately THB 121 million plus related taxes of EUR 171,900 or THB 6.88 million. As a result, the transaction is totally EUR 3,196,900 or THB 127.88 million.

The transaction price is identified in the Memorandum of Understanding of the purchase and sales of land between DTF and Lisuda on 1 March 2016.

Currently, the assets (land and buildings) have been operated for breeder farm and hatchery business under the supervision of DTF which is a subsidiary of the Company. DTF has made a lease agreement of land and buildings with Lisuda since 1998. The current lease contract started from 1 August 2014 and will be ended on 31 July 2026 which DTF has the right to extend the lease agreement for another 6 years after the current contract ended. After the completion of this transaction, DTF will process to terminate such lease agreement which details of assets are as follows:

1) Land (Certificate of ownership by 1 title deed) located at Harderwijkerweg 144-148 3853 AH ERMELO, Netherlands, with the total area of 34,585 square metre (sq.m.) or equal to 21 rai 2 ngan 46.25 square wah (sq.w.)
2) 1 House located on the land, with the total area of 125 sq.m. Currently, DTF rents this house for the executive of DTF which is one of the DTF's welfares.
3) Other buildings used for the business operation located on the land, with the total area of 18,134 sq.m. Currently, DTF has rented for several buildings which including; duck farm, hatchery and a warehouse from Lisuda in order to operate the breeder farm and hatchery business.

Table 3-6: Summary of Terms and Conditions of the Lease Agreement

	Description
Counterparties	1. Duck-To Farm B.V. as a lessee and 2. Lisuda Vastgoed B.V. as a lessor
Date of Agreement	1 August 2014
The premises	Title Deed No. 3501 (With attached properties) Harderwijkerweg 144-148 3853 AH ERMELO, Netherlands
Lease Objective	To utilize land an related building for parent stock farming and hatchery business
Lease Period	▪ The parties agree to determine a lease period of 12 years, commencing on 1 August 2014 and expiring on 31 July 2026 ▪ The lessee reserves the right to extend lease agreement for other 6 years. However, Lessor may terminate the right if the lessees breach of contract such as failing to make the payment. If Lessee did not breach of contract, Lessor must extend the contract for another 6 years which is based on the agriculture

	Description
	of leasehold farm in the Netherlands (Farm lease law "Pachtwet"). Moreover, the rental fee will be adjusted based on Farm Lease Index
Rental Fee and Payment	Monthly rental fee of EUR 20,870 (Excluded Tax), payable on the 1st of each month
Expenses and Taxes	■ The lessee and Lessor agree to be responsible of property tax which DTF will be responsible of Lessee and Lisuda will be responsible of Lessor ■ Lessee will be responsible of all maintenance cost to maintenance of the land and building
Breach of Contract	■ In case of overdue payment, Lessor will charge the lessee the legal interest of the amount due without being thereby acquires a right to defer payment
Termination	Both parties agree that the lease agreement will be terminated due to the following reasons: ■ Upon expiration of the lease period or extended lease period ■ Upon breach of Lessor, Lessee may exercises its right to terminate the contract ■ Upon breach of Lessee, Lessor may exercises its right to terminate the contract
Consequences of Termination	The lessee delivers the leased at the end of the lease period to the lessor in the condition which he received it. If there is any change in building, the cost will be borne by the lessee

Source: Land lease agreement between DTF and Lisuda

Note: Based on the lease agreement for land and buildings between DTF and Lisuda as of August 2015

According to the Netherlands' law, a lessee has the first right to purchase a leased property if a lessor intends to sell it

3.2.2. Summary of Memorandum of Understanding to Purchase Land and Buildings

Table 3-7: Summary of Memorandum of Understanding to Purchase Land and Buildings

	Description
Parties	1. Duck-To Farm B.V. as a purchaser 2. Lisuda Vastgoed B.V. as a seller
Date of agreement	1 March 2016
The Assets	Land size 34,585 sqm and all buildings on the land
Purchase Price	The Purchase Price for the Assets shall be no higher than the average of 2 independent appraised values before tax
Closing date and Exclusivity	Both parties shall act reasonably and in good faith to execute the definite agreements and complete all conditions precedent for the closing within 6 months after the execution of this MoU ("Closing Date"). During this 6 months, the seller warrants that the Company, shareholders, directors, and representatives will not engage in discussions in relation to any transaction similar in nature to the Transaction with any other third party.
Termination of the MoU	This MoU shall be terminated only: 1) With the mutual consent of both Parties 2) Failure by the seller to procure the Company to sell the Assets to the Purchasers on the Closing Date, or unable to perform any material provision of this MoU. 3) Failure by the Purchaser to pay the Purchase Price to the Company without fault of Seller 4) Any breach or default by the other Party of any of its obligations under this MoU, which is not remedied within 7 days from the date of notice to the other Party.

3.2.3. Summary of Key Terms in Draft Land and Building Purchase Agreement

Table 3-8: Summary of Key Terms in Draft Land and Building Purchase Agreement

	Description
Counterparties	1. Duck-To Farm B.V. as the buyer 2. Lisuda Vastgoed B.V. as the seller
Asset to be Acquired	Title Deed No. 3501 (With attached properties) Harderwijkerweg 144-148 3853 AH ERMELO Netherlands. The attached properties are corporate house, hatchery building, duck stables and related buildings
Consideration Value	EUR 3,025,000.0 (Excluded Related Tax no more than 6.0% of the transaction size)

	Description
Key terms and conditions	
Condition Precedent	The condition from the Company is the settlement price must not be exceed the average of appraisal price from two independent appraisers which are Debenham Tie Leung (Thailand) Co., Ltd. ("DTZ") and American Appraisal Thailand Co., Ltd. ("AA")
Payment	The settlement price is EUR 3,025,000.0 included with related tax which must be paid on the transfer date of the property which is 70% of total payable amount. For another 30%, the Company is in the process of negotiation with seller on the payment terms which has no additional interest incurred.
Taxation	The Buyer will be responsible of all taxation, the detail is as it follows; (1) Property Tax 2.0% of corporate house's value which the tax is EUR 4,800 (2) Related Tax 6.0 % of total transaction value (excluded corporate house's value) which the tax is EUR 167,100
Deposit	- None -
The Result of Contract Default	If the Buyer fails to deliver the payment of the purchase price, the amount of fine is equal to 10% of the total purchase price. To the extent that the other party suffers more damage, the party is entitled to fine for additional compensation
Other Agreement	- None -

Source: Draft Asset Purchase Agreement

3.2.4. Compensation Value

Based on this transaction, DTF will pay for the land and buildings in the amount of EUR 3,025,000 or approximately THB 121 million, plus related taxes of EUR 171,900 or approximately THB 6.88 million, resulting in the total amount of EUR 3,196,000 or approximately THB 127.88 million. DTF can either pay in cash for the whole amount to the seller on the transfer date or DTF can pay in cash for EUR 2,125,000 or approximately THB 85 million plus related taxes on the transfer date and the remaining amount of EUR 900,000 or approximately THB 36 million will be paid by instalment which the terms will be agreed between buyer and seller on the transfer date with no additional interest incurred during the instalment.

In this regard, price of land and buildings is lower than the average asset price appraised by 2 independent valuers which the value is not included related taxes (Please see Part 5: Appropriateness of the Price and Condition for the Transaction for the details of appraisal value of DTZ and AA). DTZ and AA are independent valuers approved by the Securities and Exchange Commission ("SEC") and in accordance with the Memorandum of Understanding about acquisition of the assets. For this transaction, the Company has a plan to fund this transaction by loan from financial institutions and the Company's working capital. However, the price of land and buildings which is equal to EUR 3,025,000 or approximately THB 121 million is referenced from the appraisal value of Duff & Phelps which is EUR 3,290,000 and has 8.80% discount from the referenced price. (The appraisal values by both independent valuers are exclusive of related taxes.)

3.3. Calculation of the Transaction Size

3.3.1. Acquisition of Assets

The agreement of assets acquisition with Lisuda is considered as an acquisition of assets in accordance to the notification of the Capital Market no. TorJor. 20/2551: Rules and Procedures of Acquisition or Disposal of Asses dated 31 August 2008 and the notification of SEC no. BorJor/Por 21-01: Disclosure of Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company in relation to

Acquisition B.E. 2004 dated 29 October 2004 (and its amendments) ("Notification on Acquisition or Disposal of Assets"). Therefore, when calculating the size of the transaction in accordance with specific criteria from the rules of compensation value, the highest transaction size amount from the calculation is 1.77%. Therefore, the Company is not required to process anything in accordance to the Notification of Acquisition or Disposal of Assets, which has details as follows:

Table 3-9: Computation of the transaction's size

Criteria	Description	Calculation[1]	Transaction Size
1. Net tangible assets (NTA)	% NTA of the target companies x % of shares to be acquired / % NTA of the Company	Not applicable for the acquisition of asset transaction	
2. Net profit	Net profit of the target companies x % of shares to be acquired / Net profit of the Company	Not applicable for the acquisition of asset transaction	
3. Consideration paid	Value of the asset to be acquired[2] / Total asset of the Company	127,876,000 / 7,213,276,099	1.77%
4. Securities issued	No. of shares issued to pay for the assets to be acquired / No. of paid-up shares of the Company	Not applicable for the acquisition of asset transaction	

Note: 1. Based on the Company's audited financial statements ended 31 December 2015

2. Total consideration paid value of EUR 3,196,900 or approximately THB 127.88 million (Calculated from price of the transaction based on drafted sales and purchase agreement of EUR 3,025,000 or THB 121 million plus related taxes amount of EUR 171,900 or approximately THB 6.88 million, then calculated the amount from Euro to THB by the FX rate of EUR 1 to THB 40

3.3.1. Related Transaction

The acquisition of assets with Lisuda is considered to be a related transaction of listed company in accordance to the notification of the Capital Market No. TorJor. 21/2551 dated 31 August 2008: Rules on Connected Transactions and its amendments and the notification of SEC. No. BorJor/Por 22-01: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2003 dated 19 November 2003 and its amendments ("the Notification of Connected Transaction"). From the calculation of the related transaction, the transaction amount is 6.39% of Net Tangible Assets of the Company which is more than THB 20 million and more than 3% of the Net Tangible Assets of the Company. (The information referenced from the information memorandum of the acquisition of assets and transaction with related party can be seen that the Company has not acquired any other assets for 6 months prior to process on this transaction)

Table 3-10: Calculation of the Size of Connected Transactions

Calculation Method	Description	Calculation	Transaction Size
1. Connected transaction size	Transaction value / NTA of the Company[1]	127,876,000 / 2,000,553,461	6.39%

Note: 1. Net tangible assets (NTA) is total assets – intangible assets – total liabilities – minority interest

Therefore, the Company is requested to have an approval from the shareholders' meeting with no less than 3 out of 4 of the total votes from the total shareholders who attend the meeting and eligible to vote, excluding the votes from shareholders who are stakeholders of the Company. The Company is also requested to submit the invitation letter with independent financial advisor opinion to the shareholders no less than 14 days of annual shareholders meeting. The resolution of the committee in regard to the transaction shall be proposed for the consideration in the 1st Annual General Meeting which will be held on 25 April 2016.

Table 3-11: List of the Company shareholders that have no voting rights

Name	Shareholding in the Company		Relationship with counterparties in the Transaction
	No. of share	%	
1. Mr. Gertjan Tomassen	1,612	0.0002	Major shareholder of Lisuda and the Company, committee of the Company as a Vice President position, managing director in European area of the Company and executive of DTH which is a subsidiary of the Company (DTH holds 100% shares in DTF)
2. Fly Eagle Holding Limited	6,551,601	0.72	Mr. Gertjan Tomassen is the major shareholder of Fly Eagle Holding Limited and major shareholder of Lisuda and the Company, committee of the Company as a Vice President position, managing director in European area of the Company and executive of DTH which is a subsidiary of the Company (DTH holds 100% shares in DTF)

Source: 1. Information as of 2 December 2015

According to the votes for this transaction, legal advisor of the Company has an opinion that JRGG Co., Ltd., Suchaovanich group, and Gerrard Martin Elbertsen can vote regarding this transaction because they are not stakeholders to this transaction. In the same way, Tomassen group who indirectly holds shares in JRGG Co. means that Tomassen group has no absolute control of the voting in JRGG Co., Ltd. However, the IFA views that the Company may not allow JRGG Co., Ltd., Suchaovanich group, and Gerrard Martin Elbertsen for conservatism.

3.4. Details of Assets

Details of land and buildings of Lisuda that the Company intends to acquire are as follows:

Table 3-12: Information of Asset

	Description
Type of Asset	1 unit of land (With attached properties) Title Deed Number 3501 The approximate area of land titles is 34,585.00 square meters.
Location	Harderwijkerweg 144-148 and 152, 3853 AH ERMELO Netherlands
Details of Assets	Majority of the land have been utilized as corporate house, hatchery building, duck stables and store building. The ownership of mentioned property belongs to the Lisuda but those of equipment belong to the Company.
The Attached Property	Corporate House, Hatchery building, Duck stables and Related Buildings
Entrance-Exit Road	The distance of the nearest motorway, the highway A28 (Groningen – Utrecht) is approximately 2 kilometers. The distance of the nearest railway station in Harderwijk is approximately 4 kilometers. The accessibility is qualified as good
General Environment	Located in Agriculture Zone
Registered Owner	Lisuda Vastgoed B.V.
Obligation	The land is without any financial obligations. However, Lisuda currently leases the land to DTF. Under the current leasehold term, DTF has no penalty clause if the leasehold is terminated before its due date

Source: Appraisal report by independent appraiser (DTZ) and the Company

Figure 3-2: Land and Building

Hatchery Building

Duck Stables

Store Building

Corporate House

Figure 3-3: Location

Source: Google map, distance from Amsterdam to Ermelo equal 73.1 km

Note: Appraisal report by independent appraiser (DTZ) states that distance from Amsterdam to the subject property is approximately 90 km.

3.5. Source of Fund for the Transaction

Based on this transaction, the Company expects to fund the transaction by loans approximately 70% from financial institutions of the total transaction value and use its working capital for the remaining balance.

3.6. Summary of the Contract to the Connected Transaction

Owing to the Company and Lisuda have the same major shareholder which is Mr. Gertjan Tomassen who holds share indirectly in the Company through G.J. Tomassen Holding B.V., Fly Eagle Holding Limited, Suchaovanich Friendship Co., Ltd. and JRGG Co., Ltd. ("JRGG"). In the same way, he also holds share indirectly in Lisuda through G.J. Tomassen Holding B.V. with the proportion of 100% of the total paid-up shares of Lisuda. Hence, he is considered as a related party of the Company from the notification of related party transaction.

3.7. The Board of Directors Opinion to the Transaction

The Board of Directors' meeting has approved and proposed to the shareholders meeting to approve Duck-To Farm B.V. (DTF) which is a subsidiary of the Company to acquire 1 unit of land with buildings that currently used for the operation of breeder farm and hatchery business as well as the executive house in ERMELO, Netherlands. The total land area is equal to 34,585 sq.m. with the acquisition price not exceeding EUR 3,025,000 (or approximately THB 121 million) plus related taxes no more than 6% of the acquisition price. However, there is a crucial conditions which is the value of the transaction must not exceeding the average value appraised by 2 independent valuers approved by SEC plus no more than 6% of related taxes of the acquisition price. The Company is required to adjust the transaction value in line with the average value proposed by 2 independent valuers if the average value from 2 independent valuers is less than EUR 3,025,000.

The Company will acquire the assets from Lisuda who is the related party of the Company by using source of fund from financial institutions and the Company's working capital. The Board of Directors of the Company has approved and proposed to the shareholders meeting for the consideration to approve/not approve to the assets acquisition. Also, the Company is required to appoint the independent financial advisor to provide an opinion to the transaction.

Board of Directors of the Company has considered that the transaction is necessary and benefit of the Company because the assets to be acquired are appropriate location for the business operation of the Company, or located near the slaughterhouse of the Company. If seller sells the assets to other parties after the lease agreement expired (However, the lease contract will be expired in the next 16 years), the Company will have to find other locations which may be farther in order to operate the breeder farm and hatchery business. This will lead to the increase the transportation cost of the Company. Moreover, the acquisition price is less than the appraisal value appraised from independent valuers. This transaction will not affect the working capital status of the Company because the Company will be also supported by loans from financial institutions in the Netherlands.

3.8. Opinion of the Company's Board of Directors and/or the Audit Committee which is different from the Board of Directors

- None -

4. Rationales of the Transaction

4.1. Objective of the Transaction

The Company intends to acquire land with buildings, consisting of the executive house and buildings which are currently used for breeder farm and hatchery in the Netherlands. Based on the consolidated financial statement of the Company as of 31 December 2015, revenue of the Company in the Netherlands is comprised for 28% of the total revenue of the Company. Therefore, in order to reduce the risks to operate the breeder farm and hatchery business in the Netherlands, the Company will use acquired assets as a production base in the Netherlands.

The engagement of this transaction can make DTF has the rights on the land with buildings, consisting of the executive house, duck stables, hatchery and warehouse which DTF currently uses to operate breeder farm and hatchery business. Moreover, the land and buildings are located in an agricultural area which is appropriate to operate the business of breeder farm and hatchery. Therefore, the engagement of this transaction will reduce several risks that might happen from the investments in this area especially the risks from the termination of the current lease agreement which will be ended in 2032 (After 6-year extension of the contract) and risks from the rental price on this area that may be higher in the future from the Farm Lease Index of the Netherlands.

Lisuda has granted an exclusive privilege for the negotiation to acquire the land and buildings to DTF for a period of 6 months, starting from 1 March 2016. If DTF do not complete the transaction on specified period, Lisuda will have the right to sell mentioned assets to other buyers. Therefore, if the shareholders meeting of the Company has a resolution to not approve for this transaction, DTF will have the risks of contract renewal on this area after the current lease agreement will be expired in 2032. This may lead to DTF to have risks from the operation of breeder farm and hatchery business in the Netherlands, or DTF has to negotiate with owner to make DTF still has the right to lease the mentioned land which DTF will face the risks of terms and conditions of the agreement and/or other terms in rental agreement and/or service agreement with the owner which it may be adjusted to be worse when comparing with the current agreement.

The Company Intends to own the all the land to operate its business. However, aside from the land to be acquired in this transaction, the Company currently has to lease other pieces of land from the connected person as they have not agreed upon commercial terms.

4.2. Advantages, Disadvantages and Risks of Entering into the Transaction

<u>Advantages of Entering into the Transaction</u>

1) DTF receives the rights in the land which is the current location of the breeder farm and hatchery business

   The engagement on this transaction will make DTF to be an ownership of the land and buildings which currently operates for breeder farm and hatchery business. Therefore, it will increase the stability of the breeder farm and hatchery business operation in the Netherlands because there will be no risks from the termination of the contract, such as the risks from Lisuda will propose to sell the land to other parties if DTF do not engage to this transaction. The termination of the lease agreement in 2032 will considerably affect the operation of the Company because the mentioned assets are used by the Company as a production base of the operation of breeder farm and hatchery business for the European area. Furthermore, DTF has already invested in machinery and infrastructure system. Therefore, if after the end of the contract in 2032 and the Company cannot renew the lease agreement of land and buildings or the Company cannot receive the ownership of this mentioned assets, the Company will loss a business opportunity, an opportunity to utilize machinery and infrastructure as well as other potential costs from relocation of the machinery and find new areas for the operation of breeder farm and hatchery business.

2) Reduce the risks from the adjustment of terms and conditions the lease agreement

   Even though DTF has been granted from the current lease agreement to extend the contract for another 6 years with terms and conditions specified in the contract, if Lisuda has an intention to sell the mentioned land to other parties, DTF will not then get a renewal contract when the current contract is expired. Therefore, DTF will then have to negotiate with new land owner to lease the land for the operation in order to maintain the production base in the Netherlands. However, new owner may make significant differences in the new contract for the rental rate and other conditions from the current contract and this can make the benefit to the DTF as a lessee being worse. For example, the increase of rental rate and amount of compensation in case of a default or breach of the contract, the increase in terms and condition in the contract that can be significantly affected to the DTF's business.

3) Reduce the risks from the increase of the land price in the future and terms and conditions on the transaction if the Company has an intention to acquire the land in the future

   In case that the Company has an intention or plan to acquire the land in the future in order to replace the lease on such land. This transaction can decrease the risks that happened from the increase of the land and buildings price in the future. Moreover, it will reduce the risks from the terms and conditions that may have some disadvantages to the Company comparing with the current terms and conditions of this transaction.

4) Returns from the transaction is 9.94%

   This transaction has a total amount of EUR 3,196,900 or approximately THB 127.88 million which the Company will receive the return from the saving of prospect rental expenses at 9.94% (Please see table 5-13: Internal Rate of Return (IRR*) for details) calculated from the current rental rate of land and buildings which is equal to EUR 259,433 annually, or approximately THB 10.38 million annually since 1 July 2015 until 30 June 2016. The increase of long-term rental rate is 1.82%. As a result, the return from the acquisition is equal to 9.94% which is higher than Weight Average Cost of Capital ("WACC") of the Company which is equal to 8.52%.

<u>Disadvantages of Entering into the Transaction</u>

1) The Company has to pay huge amount of investment for the assets.

   Based on this transaction, DTF has to pay for the land and buildings plus related taxes which is EUR 3,196,900 or approximately THB 127.88 million either as a one-time payment on the transfer date or pay by an instalment. If the Company pays by an instalment, the Company has to pay EUR 2,125,000 or approximately THB 85 million on the transfer date. These conditions will affect the cash flow position of the Company as well as the increase of debt to equity ratio when comparing with the usual monthly rental payment. Moreover, the consequences of this transaction may affect the Company to loss an opportunity for applying this fund to use as working capital of the Company's usual operation and investment in other aspects, for instance, expansion of the breeder farms and hatcheries.

2) The Company will have higher liabilities and interest expenses

After the completion of the transaction, the Company will have more debts and financial costs. In case that the Company has the whole source of fund from loans, the Company's debt will increase approximately EUR 3,196,000, or approximately THB 127.88 million. This leads to the debt to equity ratio referenced from the consolidated financial statement of the Company as at 31 December 2015 which will increase from 0.53 times to 0.56 times.

3) Europe's economy is in slowdown

As the economy of Europe has been in downturn and some operators of poultry farms in Europe have gone bankrupt, resulting in business disposal, selling prices of poultry farms have also been in decline. However, a poultry farm relatively big in size as well as being well maintained is less likely to be affected by the economic condition in Europe

Risks from Entering into the Transaction

1) Risks from Unsuccessful Conditions Prior to the Transaction

Because of the Company requires an approval from the shareholders' meeting prior to the acquisition with no less than 3 out of 4 of the total votes of shareholders who attend the meeting and eligible to vote, exception for the shareholders who are stakeholders of the Company (List of the Company's shareholders who do not have the right to vote for the transaction can be seen in table 3-11: Name list of the Company's shareholders who do not have the right to vote for the transaction). Therefore, in the situation that the shareholders do not approve for the transaction, the Company also has to pay the expenses related to the transaction without any compensation result, for instance, appraisal fees and financial advisory fees.

4.3. Advantages and Disadvantages of Not Engaging in the Transaction

Advantages of Not Engaging in the Transaction

1) Maintain the liquidity and cash flow position with the current status

If the Company is not required to pay a huge amount of investment, the Company will still has a liquidity and cash flow to use as a working capital for the business operation in the same status with current period. The liquidity ratio as at 31 December 2015 is equal to 1.14 times. Also, the Company can use cash flow to be a source of fund for other potential investments.

Disadvantage of Not Engaging in the Transaction

1) Risks from breeder farm and hatchery business in the future

If the Company does not have an ownership of the mentioned land and buildings, DTF will have limitations for the operation of breeder farm and hatchery business in the future if the company has a plan to expand the breeder farm or hatchery business as well as the Company has a plan to restructure the buildings structure. These processes is necessary to have an approval from the lessor which it may affect the ability to proceed upon its plan as well as it may affect to the DTF's and Company's performance. Moreover, DTF may have additional expenses resulting from the termination of the lease agreement, for instance, relocation cost of machinery and equipment, cost from the construction of buildings. Therefore, these costs will then directly impact to the Company financial position.

2) The Company may be affected by changes in terms and conditions of the lease agreement

According to the current lease agreement of land and buildings, the rental rate will be increased by the Farm Lease Index. If the ownership of the land status is changed, the party may have other conditions for the extension which can impact to the rights of the lessee that can be more disadvantages. Furthermore, it can affect to the Company's performance, such as the increase in rental rate, the reduction of leasing period, and more strict of the scope of use of land and buildings, etc.

4.4. The Comparison of Advantages and Disadvantages on the Transaction with a Related Party and a Third Party

Presently, because of the Company already uses the mentioned area to operate breeder farm and hatchery business, so in case that if the Company decides to acquire the land from the third party, the Company may has additional expenses from the pulling down of the machinery and equipment as well as an additional investment on the new area, such as buildings, duck farm and hatchery building. The total assets value that DTF leases from Lisuda is EUR 3,173,500 or approximately THB 126.94 million referenced from 2 independent valuers calculated based on market approach and depreciated replacement cost. Therefore, if the Company considers to acquire the land from the lesser who is a connected person for this transaction, the acquisition price of land and buildings will have a discount rate of 4.86% comparing with the average totals asset value from 2 independent valuers. Therefore, if the Company decides to acquire the land from third party, the Company may not be able to find the acquisition price that has a discount margin as good as this transaction.

5. Appropriateness of Price and Conditions of the Transaction

5.1. Market Value of the Land and Buildings based on the Appraisal by Independent Valuers

To consider the fairness of the acquisition price of the land and buildings from Lisuda, the Meeting of the Board of Directors' meeting has resolved to consider the price of land and buildings based on the average of the values from 2 independent appraisers approved by the SEC as follows;

- DTZ Debenham Tie Leung (Thailand) Co., Ltd. (DTZ) has issued the appraisal report dated 2 March 2016 in order to assess the value of the assets as of 19 February 2016 with an objective to determine the value of the assets for public purpose. DTZ Debenham Tie Leung (Thailand) Co., Ltd. has appointed DTZ Zadelhoff v.o.f., which is an approved appraiser in the Netherlands with Nederlands Register Vastgoed Taxateurs ("NRVT") or National Register of Valuers license, to appraise the value of the land and buildings. DTZ Debenham Tie Leung (Thailand) Co., Ltd., which is an approved appraiser by the SEC, has issued the certification upon the appraisal report
- American Appraisal (Thailand) Ltd. (AA) has issued the appraisal report dated 11 March 2016 in order to assess the value of the assets as of 19 February 2016 with an objective to determine the value of the assets for public purpose. American Appraisal (Thailand) Ltd. has appointed Duff & Phelps, LLC, Netherlands, which is an approved appraiser in the Netherlands with NRVT license to appraise the value of the land and buildings.

5.1.1. Summary of the Appraisal of Lisuda's Land and Buildings by DTZ

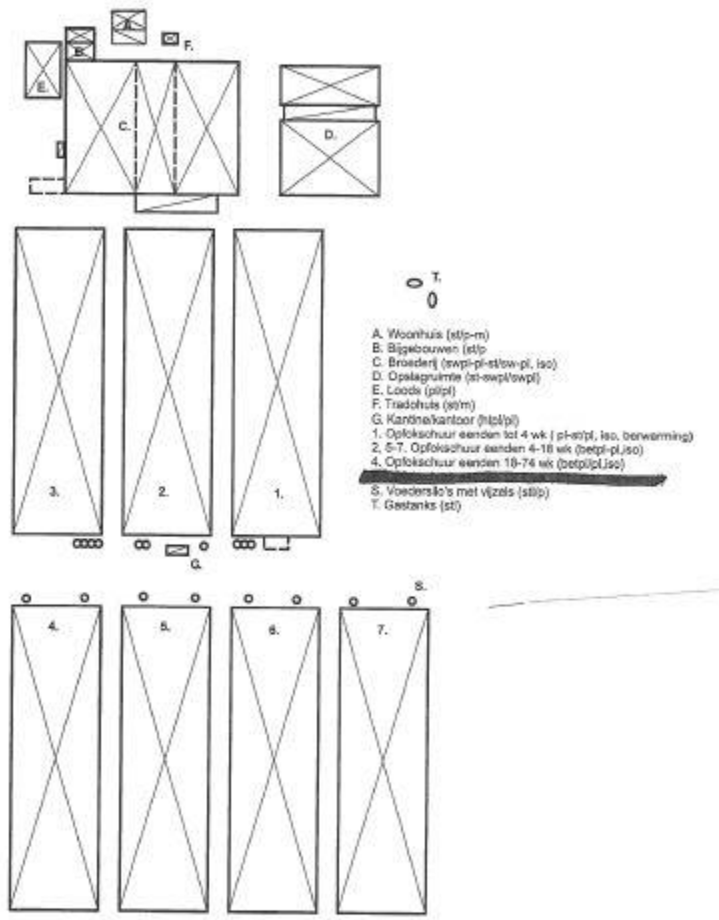
DTZ has assessed the value of the land with 2 approaches, namely Market Approach and Depreciated Replacement Cost Approach. Market Approach is used to assess the value of the land and executive house by comparing the value of the underlying assets with those of other similar assets. Depreciated Replacement Cost Approach is used to assess the value of the duck farm, hatchery and warehouse after technical depreciation and economic depreciation. Details of the assumptions and the appraisal of the land and buildings can be summarised as follows.

Table 5-1: Assumptions of DTZ

DTZ's assumptions for the appraisal of the land and buildings
▪ To determine the depreciated replacement cost, DTZ determines the assumptions such as useful lives, salvage values and repairmen of the assets, etc. based on the actual performance, conditions of the assets and other incidences which can affect the appraisal ▪ DTZ sets assumptions regarding the useful life of the land and buildings after the investigation in relation to NVRT standard ▪ DTZ assumes that the buildings are fully utilised.

Note: Based on the independent valuer' report, the assumptions on useful life of the buildings following NVRT's standard. The IFA views that the standard is widely accepted in the Netherlands

Figure 5-1: The buildings' layout provided by DTZ



Source: Appraisal report by DTZ

Table 5-2: Appraisal of the buildings by DTZ

Description	(%)	Gross replacement value (excluding VAT) (EUR)	Technical Residual value (EUR)	Total Life span (year)	Remaining Lifespan (year)	Technical Depreciation (EUR)	Economic depreciation (EUR)	Total depreciated replacement costs (EUR)
Hatchery Ground Floor (Building C)	**100.0%**	**1,574,400.0**						
Foundations	4.0%	62,976.0	9,446.4	40	25	20,073.6	6,435.4	36,467.0
Structure	25.0%	393,600.0	59,040.0	40	25	125,460.0	40,221.0	227,919.0
Fitting out	19.0%	299,136.0	44,870.4	25	15	101,706.2	29,614.5	167,815.3
Finishing	20.0%	314,880.0	-	20	10	157,440.0	23,616.0	133,824.0
Electrical system	17.0%	267,648.0	-	20	10	133,824.0	20,073.6	113,750.4
Climate and transport system	12.0%	188,928.0	-	20	10	94,464.0	14,169.6	80,294.4
Fixed facilities	3.0%	47,232.0	-	25	10	28,339.2	2,833.9	16,058.9
Hatchery Ground Floor (Building C)								**776,129.0**
Hatchery First Floor (Building C)								
Foundations	**100.0%**	**237,800.0**						

Description	(%)	Gross replacement value (excluding VAT) (EUR)	Technical Residual value (EUR)	Total Life span (year)	Remaining Lifespan (year)	Technical Depreciation (EUR)	Economic depreciation (EUR)	Total depreciated replacement costs (EUR)
Structure	4.0%	9,512.0	1,426.8	40	25	3,032.0	972.0	5,508.0
Fitting out	25.0%	59,450.0	8,917.5	40	25	18,949.7	6,075.0	34,425.3
Finishing	19.0%	45,182.0	6,777.3	25	15	15,361.9	4,473.0	25,347.1
Electrical system	20.0%	47,560.0	-	20	10	23,780.0	3,567.0	20,213.0
Climate and transport system	17.0%	40,426.0	-	20	10	20,213.0	3,032.0	17,181.1
Fixed facilities	12.0%	28,536.0	-	20	10	14,268.0	2,140.2	12,127.8
Hatchery First Floor (Building C)								**117,227.8**
Warehouse (Building D)	**100.0%**	**404,175.0**						
Foundations	4.0%	16,167.0	2,425.1	40	36	1,374.2	-	14,792.8
Structure	30.0%	121,252.5	18,187.9	40	36	10,306.5	-	110,946.0
Fitting out	30.0%	121,252.5	18,187.9	25	21	16,490.3	-	104,762.2
Finishing	21.0%	84,876.8	-	20	16	16,975.4	-	67,901.4
Electrical system	7.0%	28,292.3	-	20	16	5,658.5	-	22,633.8
Climate and transport system	5.0%	20,208.8	-	20	16	4,041.8	-	16,167.0
Fixed facilities	3.0%	12,125.3	-	20	16	2,425.1	-	9,700.2
Warehouse (Building D)								**346,903.4**
Warehouse (Building E)	**100.0%**	**45,000.0**						
Foundations	4.0%	1,800.0	270.0	40	10	1,147.5	-	652.5
Structure	30.0%	13,500.0	2,025.0	40	10	8,606.3	-	4,893.8
Fitting out	30.0%	13,500.0	2,025.0	25	10	6,885.0	-	6,615.0
Finishing	21.0%	9,450.0	-	20	10	4,725.0	-	4,725.0
Electrical system	7.0%	3,150.0	-	20	10	1,575.0	-	1,575.0
Climate and transport system	5.0%	2,250.0	-	20	10	1,125.0	-	1,125.0
Fixed facilities	3.0%	1,350.0	-	20	10	675.0	-	675.0
Warehouse (Building E)								**20,261.3**
Duck stable (Building 1)	**100.0%**	**408,000.0**						
Foundations	4.0%	16,320.0	2,448.0	40	19	7,282.8	-	9,037.2
Structure	25.0%	102,000.0	15,300.0	40	19	45,517.5	-	56,482.5
Fitting out	25.0%	102,000.0	15,300.0	25	10	52,020.0	-	49,980.0
Finishing	21.0%	85,680.0	-	20	8	51,408.0	-	34,272.0
Electrical system	17.0%	69,360.0	-	20	8	41,616.0	-	27,744.0
Climate and transport system	5.0%	20,400.0	-	20	8	12,240.0	-	8,160.0
Fixed facilities	3.0%	12,240.0	-	20	8	7,344.0	-	4,896.0
Duck stable (Building 1)								**190,571.7**
Duck stable (Building 2, 4-7)	**100.0%**	**1,581,000.0**						
Foundations	4.0%	63,240.0	9,486.0	40	19	28,220.9	-	35,019.2
Structure	25.0%	395,250.0	59,287.5	40	19	176,380.3	-	218,869.7
Fitting out	25.0%	395,250.0	59,287.5	25	10	201,577.5	-	193,672.5
Finishing	21.0%	332,010.0	-	20	8	199,206.0	-	132,804.0
Electrical system	17.0%	268,770.0	-	20	8	161,262.0	-	107,508.0
Climate and transport system	5.0%	79,050.0	-	20	8	47,430.0	-	31,620.0
Fixed facilities	3.0%	47,430.0	-	20	8	28,458.0	-	18,972.0

Description	(%)	Gross replacement value (excluding VAT) (EUR)	Technical Residual value (EUR)	Total Life span (year)	Remaining Lifespan (year)	Technical Depreciation (EUR)	Economic depreciation (EUR)	Total depreciated replacement costs (EUR)
Duck stable (Building 2, 4-7)								**738,465.3**
Duck stable (Building 3)	**100.0%**	**234,600.0**						
Foundations	4.0%	9,384.0	1,407.6	40	19	4,187.6	-	5,196.4
Structure	25.0%	58,650.0	8,797.5	40	19	26,172.6	-	32,477.4
Fitting out	25.0%	58,650.0	8,797.5	25	10	29,911.5	-	28,738.5
Finishing	21.0%	49,266.0	-	20	8	29,559.6	-	19,706.4
Electrical system	17.0%	39,882.0	-	20	8	23,929.2	-	15,952.8
Climate and transport system	5.0%	11,730.0	-	20	8	7,038.0	-	4,692.0
Fixed facilities	3.0%	7,038.0	-	20	8	4,222.8	-	2,815.2
Duck stable (Building 3)								**109,578.7**
Total								**2,299,137**

Source: DTZ

Notes: Residual value means value of the assets that expect to be sold after the useful life

Economic depreciation can be caused by 2 reasons: 1. There are similar buildings constructed in the same area, resulting in a decrease in value of the existing buildings; and 2. The world's economic situation, such as the economic crisis in the United State in 2008 could cause a decrease in the values of buildings, reflecting the slowdown in real estate sector.

Table 5-3: Appraisal of the infrastructure by DTZ

Description	Cost price per unit (excluding VAT)		Technical Residual value (EUR)	Total Lifespan (year)	Remaining Lifespan (year)	Technical Depreciation (EUR)	Economic depreciation (EUR)	Total technical depreciation (EUR)
	Unit	EUR/unit						
Infrastructure and other								
Pavements/manure storage	1	100,000	-	40	20	50,000	-	50,000
Ground fencing	1	40,000	-	40	30	10,000	-	30,000
Total infrastructure and other								**80,000**

Table 5-4: Appraisal of the land by DTZ

Description	Subject	Data 1	Data 2	Data 3	Data 4
Location	Harderwijkerweg 144-148	Meerweg near 30 Hijken	Halerweg 17 Zwiggelte	Plasdijk 23 Markelo	Noord-Zuid Horsen
Area (sq m)	34,585	N/A	10,000	15,000	33,840
Offering price	N/A	N/A	160,000	270,000	695,000
Offering price (EUR/sq m)	N/A	16	16	18	21
Data	N/A	January 2015	March 2014	June 2015	Offering
Source	N/A	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed
Adjustment		**Detail**	**Detail**	**Detail**	**Detail**
Area		Inferior	Inferior	Comparable	Comparable
Structures		Inferior	Inferior	Comparable	Superior
Market conditions		Inferior	Inferior	Comparable	Inferior
Overall conditions		Inferior	Inferior	Comparable	Comparable
Summary					

Description	Subject	Data 1	Data 2	Data 3	Data 4
Ground hatchery (5,500 * 20 EUR to sqm)					110,000
Ground duck stables (28,335 * 15 EUR to sqm)					425,025
Land value on basis of plot area (excluding executive house)					**535,025**

Note: DTZ views that the value of land of hatchery is EUR 20 per sq m because such area has better location, appropriateness for construction and conditions of assets compared with those of data 1, 2 and 3.

DTZ gives the value of land in duck stable area at EUR 15 per sqm which is lower than comparable data 1, 2, 3, 4 and land in hatchery area because land in duck stable area is more difficult to access in terms of transaction (Not near the main road and deeper from the land in hatchery area). Therefore, the value land in duck stable area is lower than comparables

Table 5-5: Appraisal of the executive house by DTZ

Description	Subject	Data 1	Data 2	Data 3	Data 4	Data 5
Location	Harderwijkerweg 144-148	Harderwijkerweg 116B	Havikshof 22	Havikshof 25	Harderwijkerweg 52	Harderwijkerweg 221
Area (sq m)	118	138	170	130	160	225
Offering price	N/A	479,000	435,000	324,000	505,000	420,000
Offering price (EUR/sq m)	N/A	3,471	2,559	2,492	3,156	1,867
Data	N/A	Offering	Offering	Offering	November 2015	November 2015
Source	N/A	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed	DTZ Zadelhoff Research / LTM Vastgoed
Adjustment		**Detail**	**Detail**	**Detail**	**Detail**	**Detail**
Area		Comparable	Superior	Superior	Superior	Superior
Structures		Superior	Superior	Comparable	Superior	Inferior
Market conditions		Comparable	Comparable	Comparable	Superior	Inferior
Overall conditions		Superior	Superior	Superior	Superior	Inferior
Summary						
Total company house value (118 * EUR 2,033 per sq m)						240,000

Note: The area of the executive house is 125 sq m. However, DTZ assess the value of the house with the area of 118 sq m.

Table 5-6: Summary of the Appraisal by DTZ

Summary	
Buildings value	2,299,137
Infrastructure and other value	80,000
Land value	535,025
Company house value	240,000
Total value of land and buildings	**3,154,162**
Approximate value of land and buildings	**3,154,000**

From the appraisal of the land and buildings above, DTZ's appraisal value is EUR 3,154,162 or approximately THB 126.17 million (excluding taxes) and the estimated value is EUR 3,154,000 or approximately THB 126.16 million, by means of Market approach and Depreciated replacement cost. The value does not include the values of machinery, equipment and other tools used in the business of breeder farm and hatchery which belongs to DTF.

DTZ's appraisal value is based on the premise that the owner shall sell the lands and buildings in their current conditions without any material change that may affect the asset's value. In accordance with DTF's objective, DTZ's appraisal covers solely the land and buildings, and does not include the equipment of the breeder farm and hatchery.

Moreover, DTZ sets all assumptions complied with NVRT standard which is the standard applied in the Netherlands.

5.1.2. Summary of the Appraisal of Lisuda's Land and Buildings by AA

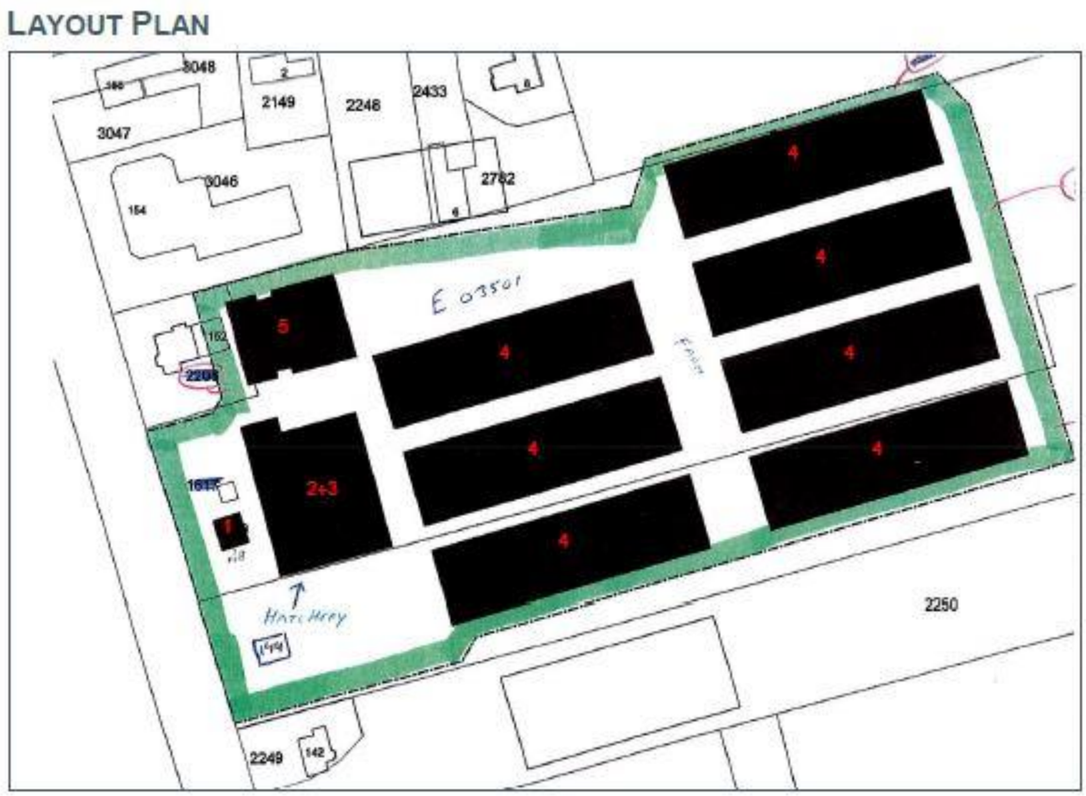
AA has assessed the value of the land to be sold with Market Approach by comparing the land's value with those of comparable lands in the area nearby. Key factors that may affect the value, such as location, land shape / width, road access, infrastructure system, city planning, etc. are also considered. Depreciated Replacement Cost Approach is used to value the executive house, duck stables, hatchery and warehouses by considering the asset value after technical depreciation and functional obsolescence depreciation. The details of assumptions and the appraisal of the land and buildings can be summarised as follows.

Table 5-7: Assumptions of AA

AA's assumptions for the appraisal of the land and buildings
▪ AA's assumptions are based on a survey on the land and buildings concerning construction cost, useful lives and conditions of the assets. ▪ AA assumes that the useful lives of the executive house, the other buildings and the improvement on land are 80 years, 40 years and 25 years, respectively. AA sets assumptions from the land and buildings from the investigation which is complied with NVRT standard. ▪ AA views that the warehouses' obsolescence is 25% as they are under-utilised compared with other general warehouses. ▪ By considering the buildings' layout and current utilisation, AA applied inefficiency factor for the buildings of 5% - 20%.

Note: Based on the independent valuer' report, the assumptions on useful life of the buildings following NVRT's standard. The IFA views that the standard is widely accepted in the Netherlands

Figure 5-2: The buildings' layout provided by AA



Building No.	Description
1	Corporate housing Harderwijkerweg 148
2	Hatchery ground floor
3	Hatchery first floor
4	7x Duck stables
5	Store

Source: Appraisal report by AA

Table 5-8: Appraisal of the land by AA

Description	Subject	L - 1	L - 2	L - 3	L – 4
Location	Harderwijkerweg 144-148	Koperensteeg, 6733 JA	Nijkerkerweg, 3853 NV	Harderwijkerweg 6, 3776 PS	Lageweg, 3849 PD
Market data	Ermelo, the Netherlands	Wekerom, the Netherlands	Ermelo, the Netherlands	Store, the Netherlands	Hierden, the Netherlands
Location		Approximately 27.0 km from subject	Approximately 8.0 km from subject	Approximately 15.0 km from subject	Approximately 8.0 km from subject
Area (sq. m.)	34,585	84,000	8,585	4,100	15,300
Shape	Rectangular	Rectangular	Rectangular	Rectangular	Polygonal
Asking price (EUR/sq. m.)	N/A	6.96	5.71	41.22	4.97
Data	N/A	February 2016	February 2016	February 2016	February 2016
Source	N/A	Fundalandelijk.nl	Fundalandelijk.nl	Fundalandelijk.nl	Fundalandelijk.nl

Adjustment	**Detail**	**Adjustment**	**Detail**	**Adjustment**	**Detail**	**Adjustment**	**Detail**	**Adjustment**
Property rights conveyed	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing Terms	Market	0.0%	Market	0.0%	Market	0.0%	Market	0.0%
Conditions of sale	None	0.0%	None	0.0%	None	0.0%	None	0.0%

Description	Subject	L - 1		L - 2		L - 3		L – 4	
Market conditions		Feb-16	0.0%	Feb-16	0.0%	Feb-16	0.0%	Feb-16	0.0%
Total			0.0%		0.0%		0.0%		0.0%
Value after adjustments (EUR/sq. m.)		**6.96**		**5.71**		**41.22**		**4.79**	
Physical Characteristic									
Location	Manufacturing / Agricultural	Inferior	+30.0%	Inferior	+20.0%	Inferior	+10.0%	Inferior	+25.0%
Access	Middle	Inferior	+10.0%	Comparable	0.0%	Comparable	0.0%	Inferior	+15.0%
Topography	Flat	Comparable	0.0%	Inferior	+10.0%	Comparable	0.0%	Comparable	0.0%
Shape	Rectangular	Comparable	0.0%	Comparable	0.0%	Comparable	0.0%	Superior	(10.0%)
Size	34,585 sq. m.	Inferior	+30.0%	Superior	(15.0%)	Superior	(30.0%)	Superior	(10.0%)
Zoning	Urban/Agrarian	Comparable	0.0%	Comparable	0.0%	Inferior	10.0%	Comparable	0.0%
Utilities	Manufacturing	Inferior	+10.0%	Inferior	+15.0%	Superior	(30.0%)	Superior	(10.0%)
Summary		**12.54**		**7.42**		**24.73**		**5.46**	
Total Land Value (34,585 * 12.5 EUR/sq. m.)								**EUR 432,313.0**	
Approximate Land Value								**EUR 432,000.0**	

Table 5-9: Appraisal of the building by AA

Description	Executive house	Hatchery Ground Floor	Hatchery First Floor	Duck Stables	Store	Land Improvement
Gross Floor Area (sq. m.)	125.0	1,810.0	310.0	15,066.0	948.0	34,606
Replacement cost per sq. m.	1,875.0	615.0	625.0	195.0	600.0	8.07
Replacement cost (EUR)	234,375.0	1,113,150.0	193,750.0	2,937,773.0	568,800.0	314,000.0
Correction due to physical deterioration						
Age (year)	41	18	18	21	4	16
Depreciation period (year)	80	40	40	40	40	25
Residual value (year)	15	15	15	15	15	15
Depreciation building (EUR)	102,100.0	425,780.0	74,109.0	1,310,981.0	48,348	170,816
Correction due to functional obsolescence						
Excessive operating costs	5.0%	10.0%	10.0%	10.0%	5.0%	5.0%
Other functional obsolescence	0.0%	0.0%	0.0%	0.0%	25.0%	0.0%
Changing type of construction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Inefficiency	15.0%	5.0%	5.0%	5.0%	20.0%	0.0%
Factor	0.1925	0.1450	0.1450	0.1450	0.4300	0.050
Depreciation value	18,695.0	75,458.0	13,134.0	171,988.0	187,107.0	4,804.0
Total depreciation value	113,580.0	611,912.0	106,507.0	1,454,804.0	333,345.0	138,380.0
Depreciated replacement cost of the buildings and land improvement						
Depreciated replacement cost of the buildings and land improvement						**2,758,528.0**
Approximate depreciated replacement cost of the buildings and land improvement						**2,758,000.0**
Land value						**432,000**
Fair market value						**3,190,000.0**

According the analysis above, AA values the land with the total area of 34,585 sq. m., by using the Market Approach. Its appraised value is EUR 12.50 per sq. m. or EUR 432,313 (rounded as 432,000 Euros) in total. The buildings are valued with the Depreciated Replacement Cost Approach. The value of the buildings is EUR 2,758,528 (rounded as EUR 2,758,000). Therefore, the total value of the land and buildings altogether is EUR 3,190,000. AA's appraisal is based on the premise that the owner shall sell the lands and buildings in their current conditions without any material change that may affect the asset's value. In accordance with DTF's objective, AA's appraisal covers solely the land and buildings, and does not include the equipment of the breeder farm and hatchery.

Moreover, AA sets all assumptions complied with NVRT standard which is the standard applied in the Netherlands.

Table 5-10: IFA's opinions regarding the appraisal values

Items	DTZ	AA
Appraisal date	19 February 2016	19 February 2016
Appraised assets	Property, Plant and Equipment; such as management team's accommodation, poultry house, hatchery building and warehouse; with total property size of 34,585 square metres	Property, Plant and Equipment; such as management team's accommodation, poultry house, hatchery building and warehouse; with total property size of 34,585 square metres
Valuation method(s)	Market Approach and Depreciated Replacement Cost Approach	Market Approach and Depreciated Replacement Cost Approach
Appraisal value (excluding taxes)	EUR 3,154,000	EUR 3,190,000
Transaction price relative to the appraisal value by the independent appraisers.	Transaction price is lower than the appraisal value by 4.26%	Transaction price is lower than the appraisal value by 5.45%

Since some kind of assets could be comparable to the offered price during the similar period, thus, price comparison could be used for assessing the value and certain type of assets are suitable for the Depreciated Replacement Cost since such assets do not have proper information on prices to compare. Either way, these two methods reflects the most possible value of assets under the current conditions. The valuation conducted by DTZ and AA are quite similar to each other, since the estimated price range between 3,154,000 -3,190,000 Euros.

The IFA views that the appraisal values of the land and buildings of 2 independent appraisers by using Market Approach and Depreciated Replacement Cost Approach to determine the fair value of the land and buildings are appropriate. The Market Approach is suitable to value the assets that can be compared with other transactions during the recent period. Meanwhile, the assets that have no comparable transactions can be valued by the Depreciated Replacement Cost Approach. In addition, both of the approaches reflect the current conditions of the assets. The appraisal values of DTZ and AA are in similar range of EUR 3,154,000 – EUR 3,190,000.

However, the appraisals by the 2 independent valuers have some differences as follows:

1. In order to value the executive house, DTZ uses Market Approach while AA uses Depreciated Replacement Cost Approach.
2. DTZ's assumption on size of the executive house is 118 sq. m. while that of AA is 125 sq. m.
3. Regarding the assumption on tax, DTZ assumes that the seller is responsible for related tax expenses while AA assumes that the buyer is responsible for such expenses.

4. DTZ compares the land with comparable lands by considering 3 key factors while AA applies 11 key factors.

The 2 independent appraisers assess the values of only the land and buildings, and exclude the tools and equipment in their appraisal as they are owned by DTF according to the sale and purchase contract.

The IFA views that the difference of assumptions and appraisal methods of the 2 independent valuers do not have significant differences in valuation method as both valuers set appraisal methods and assumptions based on NVRT standard.

The IFA views that the assumptions used by DTZ and AA follows the guidelines of NVRT. Those assumptions are reasonable and justifiable for the appraisal.

To consider the fair value of the transaction, the IFA views that the appropriate value used to determine the price of the land and buildings should take the values appraised by the 2 appraisers into account, which range from EUR 3,154,000 – EUR 3,190,000. As the offered price is lower than the appraisal values, the IFA views that the acquisition price of EUR 3,025,000 is appropriate

5.2. Net Present Value (NPV) of the rent to be paid

This approach finds the net present value of the rent to be paid under the assumption that DTF will continue to rent the land and buildings in the future with appropriate discount rate perpetual growth rate. The NPV is compared with the acquisition price of the land and buildings at EUR 3,196,900 or approximately 127.88 million. Key assumptions used to prepare the financial forecast are as follows.

1. DTF can extend the lease contract (after its expiry on 31 July 2026) on the going concern basis. The owner does not propose to sell the land and building to other potential buyers during the rental period. The contract's terms and conditions remain the same. In the case that the ownership of the land and buildings is transferred to another person, DTF can negotiate with a new owner to lease the land in the future with the same terms and conditions. This assumption is made to replicate the situation in which DTF is an owner of the land and buildings.
2. Forecast rent is based on the condition in the current contract.
3. The IFA assumes that the rent of the land and buildings will grow at 1.82% per annum.
4. The rent of the land and buildings is based on the current rent at EUR 252,443.52 per year for conservative purpose ($D_0 = D_1$).
5. There is no difference in repair and maintenance expenses as the Company has obligation to maintain the leased assets at the condition prior to the lease

5.2.1. Assumptions on rent

This forecast is prepared under the current situation and assumptions. If there were any change resulting from economic conditions or other factors which may affect the assumptions, the net present value of cash flow may change accordingly. The assumptions on rent payment of DTF are as follows.

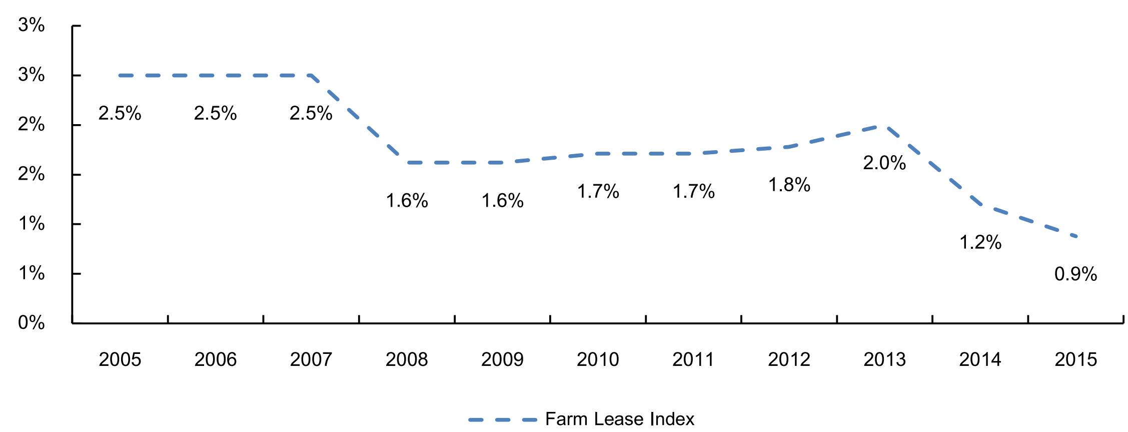
1. Terms of lease contract and service contract

According to the current contract between DTF and Lisuda, the contract term is 10 years and 5 months. DTF has the right to extend the contract by 6 years after its expiry which is 31 July 2026. The IFA assumes that DTF could continuously renew the contract.

2. Rent and growth of rent

According to the current contract, the rent is raised in July of every year, based on Farm Lease Index. The index is announced by the Ministry of Economic Affairs.

Figure 5-3: Farm Lease Index



Source: Ministry of Economic Affairs, Netherlands

The 10-year average of Farm Lease Index between 2005 – 2015 is 1.82%

5.2.2. Discount Rate

The IFA uses weighted average cost of capital ("WACC") as a discount rate to find the net present value of the rent of the land and buildings. WACC can be calculated as follows:

$$WACC = (D/(D+E) \times K_D \times (1 - T)) + (E/(D+E) \times K_E)$$

Where:

D	Market value of interest-bearing debts including BR's interest-bearing debts as of 31 December 2015 of THB 1,796 million and the debts resulting from this transaction of THB 89.6 million. The total value of interest-bearing debt is THB 1,885.5 million.
E	Market Capital of BR as of 25 February 2016 of THB 6,622.5 million (Source: www.set.or.th)
T	Corporate income tax of 20%
K_D	Cost of interest-bearing debt based on the weighted average borrowing rates of BR as of 31 December 2015, which is 4.5% (Source: the Company)
K_E	Cost of equity computed from Capital Asset Pricing Model ("CAPM")

Note: Based on Financial Times Corporate Valuation, David Frykman and Jakob Tolleryd and Investopedia

Values of interest-bearing debt (D) and shareholders' equity (E) should be market value which reflects cost of capital of the market. However, most of BR's interest-bearing debts include overdraft and short-term borrowings from financial institutions (THB 1,697.96 million) which have no secondary market for trading. Such debts, therefore, have no referenced market values. Thus, the IFA uses their book values in this calculation.

Cost of interest-bearing debt (K_D) is based on a conservative assumption. Although, DTH was offered the borrowing from a financial institution in the Netherlands with an interest rate of no more than 2.5% to enter the transaction. The IFA uses the company's current borrowing rate in this calculation which is 4.5%.

K_E is calculated under CAPM as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

Where:

R_F	Risk free rate referring from 10-year government bond yield as of 25 February 2016 at 2.13%, which reflects long-term rate of return (Based on the calculation by Bloomberg and Investopedia)
Beta	Beta is the average volatility between SET market return and comparable companies that operate integrated poultry business, namely Bangkok Ranch Public Company Limited (BR) GFPT Public Company Limited (GFPT) and Charoen Pokphand Foods Public Company Limited (CPF). It is calculated from 2-year historical price since 25 December 2016, which results in unlevered beta at 0.77.
R_M	Market return, calculated from average total return of investing in SET during the past 10 years at 10.44% p.a. (Which is in accordance with the period of risk free rate)

Note: As the Company's share has been listed on the SET for less than 2 years, the IFA views that the trading data of the Company's shares may not truly reflect the volatility between the returns of the SET and the share. Thus, IFA uses the trading data of GFPT and CPF, which has poultry business similar to that of the Company, to calculate Beta.

Information of comparable companies is as follows:

Company	Ticker	Business
Bangkok Ranch Public Company Limited	BR	BR is a leading integrated duck meat producer with core business in integrated agro-industrial and food business. The Company is an integrated producer of premium duck meat products with 5 business lines including 1) feed, 2) parent stock farming, 3) hatchery, 4) commercial duck farming, and 5) slaughterhouse and food processing for duck meat products, with end products as raw duck meat, cooked duck meat including by products. The Company distributes products in Thailand and overseas including Asia and Europe. The Group has operational bases in both Thailand and the Netherlands.
GFPT Public Company Limited	GFPT	The Group operates integrated poultry business including feed mill, breeder farm, hatchery farm, broiler farm, chicken evisceration and processed food. Main products of the group are cooked chicken products, fresh and frozen chicken meat, processed food, land animal feed, and aquatic animal feed.
Charoen Pokphand Foods Public Company Limited	CPF	The Company engages in agro-industrial and food conglomerate with 4 product categories : 1) Feed business involving in production and sale of animal feed, 2) Farm business involving in breeding, farming and basic meat processing, 3) Food business involving in production of semi-cooked and cooked meet as well as food and 4) Retail and Food Outlets business.

Based on the assumptions on discount rate above, WACC is 8.52%, which incorporates the Company's interest expenses.

5.2.3. Calculation of Net Present Value (NPV) of the Rent to be paid

The IFA calculates net present value of the rent to be paid in accordance the Gordon Model. The result from this calculation is not significantly different from that of Discounted Cash Flow (DCF) approach. Moreover, in the lease agreement, the lessee will be responsible for repairment expenses to maintain the condition of the assets. Thus, the calculation based on Gordon Model is appropriate. The perpetual growth rate of free cash flow in this calculation is 1.82% per annum. The rate is based on the growth rates of the Netherlands' GDP and Farm Lease Index.

Table 5-11: Net present value of the rent to be paid

Factors	Assumptions
Lease Expense or L (1)	259,443
Farm Lease Index or G (2)	1.82%
WACC (3)	8.52%
NPV (4) = [(1) / ((3) – (2))]	**3,871,180.3**

The acquisition value is EUR 3,196,900, which is lower than the net present value of the rent to be paid of 3,871,180.3 by 21.1%

5.2.4. Sensitivity Analysis

The IFA prepares sensitivity analysis by varying key assumptions that significantly affect the value as follows:

- Growth rate of rent (G) +/- 1.5%
- Weighted average cost of capital (WACC) +/- 2.0%

Table 5-12: Sensitivity analysis

EUR		Growth of rental rate (G)						
		G - 1.5% =0.32%	G - 1.0% = 0.82%	G - 0.5% = 1.32%	G = 1.82%	G + 0.5% = 2.32%	G + 1.0% = 2.82%	G + 1.5% = 3.32%
Weighted Average Cost of Capital (WACC)	WACC - 2.0% = 6.52%	4,183,276.1	4,550,107.3	4,987,457.0	5,517,822.1	6,174,407.1	7,008,356.1	8,102,758.7
	WACC - 1.5% =7.02%	3,871,180.3	4,183,276.1	4,550,107.3	4,987,457.0	5,517,822.1	6,174,407.1	7,008,356.1
	WACC - 1.0% = 7.52%	3,602,419.6	3,871,180.3	4,183,276.1	4,550,107.3	4,987,457.0	5,517,822.1	6,174,407.1
	WACC - 0.5%= 8.02%	3,368,554.3	3,602,419.6	3,871,180.3	4,183,276.1	4,550,107.3	4,987,457.0	5,517,822.1
	WACC = 8.52%	3,163,202.4	3,368,554.3	3,602,419.6	**3,871,180.3**	4,183,276.1	4,550,107.3	4,987,457.0
	WACC + 0.5% = 9.02%	2,981,449.1	3,163,202.4	3,368,554.3	3,602,419.6	3,871,180.3	4,183,276.1	4,550,107.3
	WACC + 1.0% = 9.52%	2,819,447.4	2,981,449.1	3,163,202.4	3,368,554.3	3,602,419.6	3,871,180.3	4,183,276.1
	WACC + 1.5% = 10.02%	2,674,143.7	2,819,447.4	2,981,449.1	3,163,202.4	3,368,554.3	3,602,419.6	3,871,180.3
	WACC + 2.0% = 10.52%	2,543,082.7	2,674,143.7	2,819,447.4	2,981,449.1	3,163,202.4	3,368,554.3	3,602,419.6

Assumptions where the transaction price is inappropriate.

According to the sensitivity analysis above, the boxes with dashed borders show the cases of WACC and growth rates in which the acquisition price is greater than the NPV of the rent to be paid. This means the acquisition price is not appropriate. For example, if WACC is 8.52% and the growth rate is 0.32%, or WACC is 10.52% and the growth rate is 2.32%, the acquisition price will be inappropriate.

The IFA views that, given the Company's cost of capital at 8.52%, the growth of rental rate at which the transaction price is inappropriate is 0.32% or lower. However, the growth in 2015 which was the lowest rate over 10 years still sat at 0.9%.

5.2.5. Internal Rate of Return Analysis (IRR*)

The IFA analyses IRR* for entering this transaction (In this case, means saving of rental expenses in the future). The IFA determines acquisition value for entering this transaction equal to EUR 3,196,900 and other assumptions can be seen in table as follows:

Table 5-13: Internal Rate of Return (IRR*)

Factors to be used in calculation	Assumptions
Acquisition Cost (1)	3,196,900
Lease Expense (2)	259,443
Farm Lease Index (3)	1.82%
IRR (4) = ((2) / (1)) + (3)	9.94%

The Company will get IRR* from entering this transaction of 9.94% which is higher than WACC of 8.52%. This means that this acquisition of land and buildings will let the Company save future rental expenses of 9.94%

which is higher than the Company's financial cost at 8.52%. Therefore, entering this transaction by acquiring such the land is worth for the Company.

5.3. Valuation Summary

Valuations of the assets based on different valuation methods can be summarised as follows

Table 5-14: Comparison of the appraised values of the land and buildings and transaction value

Valuation Method	Appraised Value (EUR)	Transaction Value (EUR)	Appropriateness of the Valuation Method	Appraised Value Higher (Lower) Than Transaction Value by (%)
1. Market Value based on the appraisal by independent valuers (Excluding related taxes)	3,154,000 – 3,190,000	3,025,000	Appropriate	4.26 - 5.45
2. Net Present Value Method (including related taxes)	3,871,180.3	3,196,900	Appropriate	21.09

Thus, the acquisition price is appropriate as the market value of the land and buildings based on the appraisal by independent appraisers and the net present value of free cash flows are higher than the acquisition price.

5.4. The IFA's opinion

Acquiring the land and buildings from Lisuda, DTF will be an owner of the assets to operate breeder farm and hatchery. These are the only land and buildings for which the Company can make an acquisition agreement. This transaction will mitigate risk of operating such businesses in the Netherlands and allows DTF to gain the return from cost saving of 9.94% which is higher than its WACC of 8.52%. The IFA views that the transaction will provide more benefits to the Company than renting such assets. In addition, the Company will be able to modify the building without seeking permission from the leaser. Regarding the appropriateness of price and conditions, the acquisition price is EUR 3,025,000 or approximately THB 121 million which is lower than the appraised values by the 2 independent appraisers (EUR 3,154,000 – EUR 3,190,000 or approximately THB 126.16 million – THB 127.60 million). The acquisition price including related taxes of EUR 171,900 or THB 6.88 million is EUR 3,196,900 or approximately THB 127.88 million which is lower than the net present value of free cash flow of EUR 3,871,180.3 or approximately THB 169.46 million. In addition, the sale and purchase agreement's terms and conditions, payment terms and the Netherlands' laws regarding the purchase of lands are general practices, which do not cause any negative impact to the Company. **Thus, the IFA recommends the Company's shareholders vote to approve the transaction. However, the decision of voting to approve the transaction solely relies on the shareholder's discretion.**

6. Conclusion of the IFA's opinion

Based on the study of related information, including conditions to acquire the land and buildings, advantages and disadvantages of the transaction as well as risks of the transaction, the IFA summarises the opinion in Executive Summary. Given the reasons stated in the executive summary, **the IFA recommends the shareholders vote to approve the transaction.**

The IFA views that the maximised benefit for entering into this transaction is the Company can mitigate the risks from renewal of the lease contract of land and buildings when the current contract expires. This will reduce the Company's risk in terms of business operation in the Netherlands as well as decrease the number of connected transactions between shareholders and the Company. This will reduce the Company's dependency on its major shareholders.

However, a decision to approve or not approve for the transaction is solely depended on shareholders' discretion. The shareholders should study information in the documents appended to the notice to the shareholders' meeting and exercise discretion in voting for an appropriate decision.

Yours faithfully,

Monvalai Ratchatakul	*Julaporn Namchaisiri*
Monvalai Ratchatakul	Julaporn Namchaisiri
Supervisor	Managing Director – Corporate Finance
Grant Thornton Services Ltd	Grant Thornton Services Ltd.

7. Appendix

Appendix 1: Bangkok Ranch Public Company Limited

1.1. Background and major development

Bangkok Ranch Public Co., Ltd., was incorporated on 16 July 1984 with is authorized capital of THB 20 million by Mr. Joseph and Mrs. Rosanna Suchaovanich in a joint venture with KTC International Development Co., Ltd., which operated as a holding company in Thailand and German investor to operate a business of production and distributing fresh duck meat, frozen duck meat and by-products of duck butchering.

The Company has recently been expanding the business of production and distributing fresh duck meat, frozen duck meat and by-products of duck butchering. The major developments of the Company are as follows:

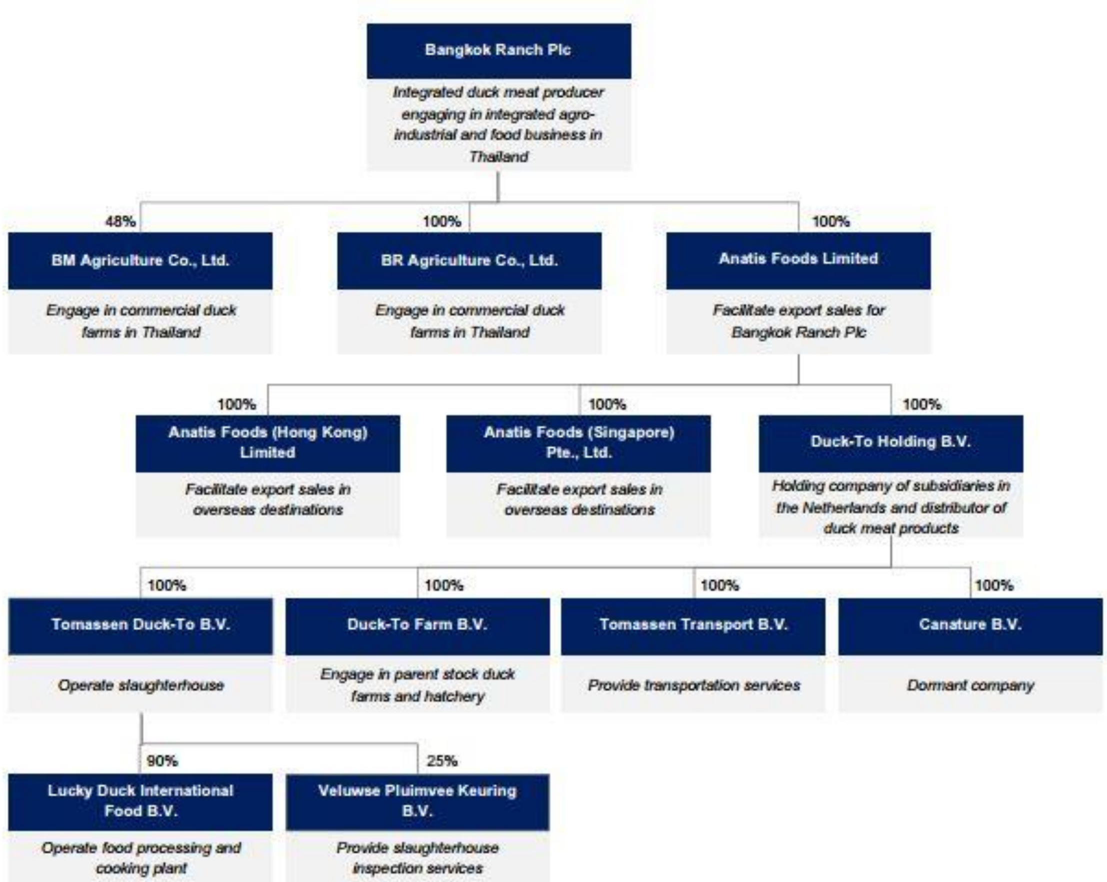
Table 7-1: Major changes and developments

Period	Description
1986	The Company introduced the Contract Farm system which is the system under the agreement of the company with the contract-party farmers to the effect that the Company would supply duck chick, animal feed and medication to farmers to raise ducks and the Company agrees to buy back the ducks as agreed. The Company has consistently expanded its business continually.
1993	The Company was listed in the Stock Exchange of Thailand on 1 February 1993.
1997 - 1998	The Company become a full-cycle producer of duck meat by launching an animal feed mill in Singburi province for use in raising ducks of the Company and distribution to small buyers and a duck egg hatchery was open in Phetchabun province.
1999	The Company was severely impacted by the economic crisis as it was troubled by the financial problem due to the floating of Baht currency rendering its indebtedness in the US dollar to increase exponentially. Then the Company filed form business reorganization with the Central Bankruptcy Court and in the following year, the business reorganization plan of the Company was implemented with a new investor, that is, Navis Capital Partner to become a principal shareholder via London 8 Co., Ltd., Thongchai Asia Co., Ltd. and Middle Village Co., Ltd.
2000	The Company increased its authorized capital to 80 million shares by offering for sale to London 8 Co., Ltd., Thongchai Asia Co., Ltd. and Middle Village Co., Ltd., a group of companies for investment of Navis Asia Fund.
2004	Thailand was met with the crisis of the epidemic of Avian influenza (bird flu) all over the country resulting the consumption of ducks by customers both domestically and abroad to drop to approximately 50%. However, the Company had adjusted its strategy by expanding its production capacity and exporting its processed ready-to-eat food products instead of export of the conventional raw products. With collaboration from the government sector, farmers and operators, they joined hands in solving the problem including seeking various measures to prevent and contain the problem to the least severe degree possible; thus the situation was unraveling to better prospect. The impact was thus kept to a minimum degree as most of the duck farms of the Company are the closed system.
2005	The financial status of the Company was perking up thanks to the management of the business reorganization plan and it was approved by the SET and the company's securities were restored to normal trading as usual.
2007	The Company was improving its strategy to expand its business on a long-term basis. To achieve this improvement, the Company merged its business by buying up all shares of Duck-To Holding B.V. ("DTH") of the Netherlands which is a subsidiary in the DTH group of companies which was established in 1964 by the Tomassen family to operate a business of production of chicken. However, in 1985, Chinese restaurants in various countries in Europe were on the growing trend, resulting in increased consumption of ducks. As a result, the Company changed its strategy to operating the butchering of ducks for distribution to Chinese restaurants and at the present DTH has become the largest producer of duck meat in the Netherlands and one of the major producers of Europe.

Period	Description
	However, for facility in the management of work, the major shareholders decided to opt for voluntary delisting from the SET. London 8 Co., Ltd., Thongchai Asia Co., Ltd. and Middle Village Co., Ltd., the major shareholders of the Company had submitted a tender offer for all the securities of the Company by offering to purchase 9.67% of the shares, there was 7.89% of the offerees who had intention to sell. After the tender offer was completed, shareholding ratio of London 8 Co., Ltd. Thongchai Asia Co., Ltd. and Middle Village Co., Ltd., represented 47.75%, 34.53%, and 15.94% respectively. All ordinary shares of the Company were approved to delisting from the SET on 5 August 2009.
2010	The Company took over the business in Cherry Valley Farms Limited ("CVF"), a business for the development of genetic breeder and sale of duck genetics to culminate the upstream business of the Company.
2012	A group of the executives under the leadership of Mr. Joseph Suchaovanich, Mr. Gertjan Tomassen and Mrs. Rosanna Suchaovanich including other joint investors bought the shares from Navis Asia Fund, the major shareholders in the name of BT Partner Limited and restructured the shareholding ratio by means of amalgamation under the Civil and Commercial Code between Bangkok Ranch Plc, Thongchai Asia Co., Ltd., Middle Village Co., Ltd. and BT Partner Limited at the shareholders level to restructure the shareholding to be suitable for the listing in the SET.
2015	The Company re-entered the SET on 15 July 2015.

1.2. Shareholding structure

Figure 7-1: BR's shareholding structure



Source: Annual Registration Statement (56-1 form)

1.3. Business overview

Bangkok Ranch Group of Companies is a business leader in full cycle production of food from duck meat by operating an agro-industry business and production of food from premium quality deck meat. The business of the Company is classified into 5 categories, namely, 1) Animal feed, i.e. production of feed for raising duck breeders and meat ducks of both the Company and of the contract party farmers who accept the raising of ducks for the Company; 2) The Parent Stock Farm business is the raising and the reproduction of meat duck breeders from eggs of the breeders; 3) Hatchery business is namely the hatching of duck eggs to raise duck chick as meat ducks of the Company; 4) Commercial Farm and Contract Farm business, i.e., the raising of the meat ducks in the duck commercial farms of the company and the duck raising farms of the contract-party farmers via the agriculture contract farms and 5) The Slaughterhouse and Food Processing business, i.e., slaughtering and processing meat ducks to produce ready-to-cook processed food and cooked processed duck meat-based food including the by-products from butchering meat ducks. The products of the Company are both distributed domestically and abroad in Asia, Europe and the Middle East. The Group of Companies has the full-cycle production base both in Thailand and in the Netherlands.

The scope of the business is classified into 2 principal parts, namely, the business in Thailand and the business in the Netherlands.

Revenue structure for a specific purpose of the consolidated financial statements for the year 2013 and the consolidated financial statements for the year 2014-2015 are summarised as follows:

Table 7-2: Revenue structure

	2013		2014		2015	
	THB million	%	THB million	%	THB million	%
Thailand						
Upstream revenues	1,957.4	26	2,177.3	26	2,384.7	31
Downstream revenues	3,475.8	46	4,094.7	48	3,546.2	46
Inter-segment revenues	(1,231.5)	(16)	(1,573.6)	(19)	(1,462.3)	(19)
Total revenues from Thailand	**4,201.7**	**55**	**4,698.3**	**55**	**4,468.6**	**58**
Netherlands						
Upstream revenues	624.7	8	653.2	8	589.2	8
Downstream revenues	1,789.6	24	1,781.6	21	1,590.0	21
Total revenues from the Netherlands	**2,414.3**	**32**	**2,434.8**	**29**	**2,179.2**	**28**
Supporting businesses						
Revenues from supporting businesses	956.6	13	1,350.6	16	1,080.9	14
Total revenue	**7,572.6**	**100**	**8,483.8**	**100**	**7,728.7**	**100**

Source: BR

1.4. Shareholder structure

As at 2 December 2015, BR has the registered capital and paid-up capital of THB 4,569.6 million, divided into 913.9 million ordinary shares, with par value of THB 5 each. The name and ownership proportion of major shareholders are as follows:

Table 7-3: BR's major shareholder

No.	Name	No. of shares	%
1	JRGG Company Limited[1]	229,275,086	25.10%
2	Black River Capital Partners Food Fund Holdings (Singapore) Pte.Ltd.[2]	88,348,138	9.67%
3	Bangkok Bank Public Company Limited	59,236,902	6.48%
4	BR Associates	33,029,209	3.62%

No.	Name	No. of shares	%
5	Redfeather Limited	30,023,445	3.29%
6	N.C.B.TRUST LIMITED-NORGES BANK 11	26,568,500	2.91%
7	Bualuang Long-Term Equity Fund	25,594,900	2.80%
8	Government Savings Bank by UOB Asset Management (Thailand) Company Limited	22,258,940	2.44%
9	United Overseas Bank Limited by UOB Asset Management (Thailand) Company Limited	22,258,940	2.44%
10	CHASE NOMINEES LIMITED	22,213,500	2.43%
11	Other shareholders (apart from 10 major shareholders listed above)	583,914,084	63.92%
	Total	**913,446,558**	**100.00%**

Note: Name of shareholder as of 2 December 2015, latest book closing date

(1) JRGG Company Limited is a holding company with the registered capital of THB 693,003,900, divided into 6,930,039 ordinary shares, with par value of THB 100 each. The shareholders as at 27 May 2015 are as follows:

Name	No. of Shares	%
Fly Eagle Holdings Limited	2,605,787	37.6
Suchaovanich Friendship Company Limited	2,383,047	34.4
Mrs. Rosanna Suchaovanich	536,911	7.7
Mr. Joseph Suchaovanich	515,688	7.4
Mr. Phon Suchaovanich	328,943	4.7
Mr. John Suchaovanich	328,942	4.7
Mr. Gerard Martin Elbertsen	230,721	3.3
Total	**6,930,039**	**100.0**

Suchaovanich Friendship Company Limited is a holding company with the registered capital of THB 275,422,600, divided into 2,754,226 ordinary shares, with par value of THB 100 each. The shareholders as at 27 May 2015 are as follows:

Name	No. of Shares	%
Fly Eagle Holdings Limited	1,226,909	44.5
Mr. Joseph Suchaovanich	421,413	15.3
Mrs. Rosanna Suchaovanich	421,411	15.3
Mr. Phon Suchaovanich	280,941	10.2
Mr. John Suchaovanich	280,941	10.2
Mr. Gerard Martin Elbertsen	122,611	4.5
Total	**2,754,226**	**100.0**

Fly Eagle Holdings Limited is a holding company with the registered capital of HKD 10, divided into 10 ordinary shares, with par value HKD 1 each. The shareholder as at 3 December 2014 is as follows:

Name	No. of Shares	%
G.J. Tomassen Holding B.V.	10	100.0

Thus, the shareholder and controlling person of G.J. Tomassen Holding B.V. is solely Mr. Gertjan Tomassen.

(2) Black River Asset Management LLC is a major shareholder of Black River Capital Partners Food Fund Holdings (Singapore) Pte.Ltd

1.5. Board of Directors and management team

As at 31 December 2015, the BR's Board of Directors comprised 15 directors as follows:

Table 7-4: BR's board of directors

No.	Name	Position
1	Mr. Joti Bhokavanij	Chaitman of the Board of Directors / Independent director

No.	Name	Position
2	Mr. Taveechai Charoenbundit	Vice chairman / Independent director
3	Mr. Joseph Suchaovanich	Vice chairman
4	Mr. Gertjan Tomassen	Vice chairman
5	Mr. Vudhiphol Suriyabhivadh	Chairman of audit committee / Independent director
6	Dr. Poranee Pataranawat	Audit committee / Independent director
7	Mr. Yeo Kok Tong	Audit committee / Independent director
8	Mr. Faris Ibrahim Taha Ayoub	Director
9	Mr. Lin Tai-Chuan	Director
10	Mr. Richard Lee Grammill	Director
11	Mrs. Nutthaporn Luangsuwan	Director
12	Mr. Thanawat Aroonpun	Director
13	Mrs. Rosanna Suchaovanich	Director
14	Mr. Gerard Martin Elbertsen	Director
15	Mr. Danai Pathomvanich	Director

Source: The Stock Exchange of Thailand

The Company's authorized signatory directors are the following eight persons, namely, Mr. Joseph Suchaovanich or Mr. Gertjan Tomassen or Mr. Gerard Martin Elbertsen one of three sign together with one of Mr. Danai Pathomvanich or Mr. Faris Ibrahim Taha Ayoub or Mrs. Rosanna Suchaovanich or Mr. Lin Tai-Chuan or Mr. Richard Lee Grammill, and affix the Company's seal. The Management Team of BR comprised six members as follows:

Table 7-5: BR's board of directors

No.	Name	Position
1	Mr. Joseph Suchaovanich	Managing Director, Asia and Asia-Pacific
2	Mr. Gertjan Tomassen	Managing Director, Europe
3	Mrs. Rosanna Suchaovanich	Chief Operating Officer (COO)
4	Mr. Gerard Martin Elbertsen	Chief Finance Officer (Netherlands) (CFO)
5	Mr. Teerapong Lorratchawee	Chief Finance Officer (Thailand) (CFO)
6	Dr. Siriporn Viriyabuncha	Corporate and Compliance Director

Mr. Chayut Leehacharoenkul has been the Secretary of the Board of Directors since 9 September 2014.

1.6. Financial position and performance

The consolidated financial statements of the Company, audited by the auditor of EY Office Limited for the year ended 31 December 2013 to 31 December 2015 are as follows.

Table 7-6: BR's consolidated statement of financial position

	31 December 2013		31 December 2014		31 December 2015	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	215.5	3.4%	257.5	4.0%	192.9	2.7%
Current investments	0.2	0.0%	0.2	0.0%	0.2	0.0%
Trade and other receivables	755.4	11.8%	668.4	10.5%	612.9	8.5%
Inventories	1,170.0	18.2%	1,159.0	18.2%	1,831.0	25.4%
Other current assets	38.7	0.6%	29.2	0.5%	28.3	0.4%
Total current assets	**2,179.8**	**33.9%**	**2,114.4**	**33.1%**	**2,665.2**	**36.9%**
Restricted bank deposit	60.0	0.9%	-	-	-	-
Parent ducks	76.4	1.2%	84.8	1.3%	56.7	0.8%
Investment in subsidiaries	0.0	0.0%	0.0	0.0%	0.0	0.0%

	31 December 2013		31 December 2014		31 December 2015	
	THB million	%	THB million	%	THB million	%
Investment in associate	1.7	0.0%	1.3	0.0%	1.8	0.0%
Other long-term investments	22.2	0.3%	26.6	0.4%	9.0	0.1%
Investment properties	39.2	0.6%	39.2	0.6%	32.3	0.4%
Property, plant and equipment	1,261.1	19.6%	1,325.3	20.8%	1,663.5	23.1%
Goodwill	1,954.5	30.4%	1,954.5	30.6%	1,954.5	27.1%
Intangible assets	766.8	11.9%	754.2	11.8%	741.6	10.3%
Deferred tax assets	60.0	0.9%	78.5	1.2%	72.7	1.0%
Other non-current assets	0.7	0.0%	3.1	0.0%	16.0	0.2%
Total non-current assets	**4,242.6**	**66.1%**	**4,267.6**	**66.9%**	**4,548.0**	**63.1%**
Total assets	**6,422.4**	**100.0%**	**6,382.0**	**100.0%**	**7,213.3**	**100.0%**
Bank overdrafts and short-term loans from financial institutions	1,284.8	20.0%	722.0	11.3%	1,698.0	23.5%
Trade and other payables	320.9	5.0%	406.7	6.4%	459.4	6.4%
Current portion of liabilities under finance lease agreements	1.0	0.0%	0.7	0.0%	0.0	0.0%
Current portion of long-term loans	248.0	3.9%	379.9	6.0%	0.0	0.0%
Income tax payable	32.0	0.5%	121.0	1.9%	25.6	0.4%
Other current liabilities	30.7	0.5%	13.4	0.2%	21.7	0.3%
Total current liabilities	**1,917.4**	**29.9%**	**1,643.5**	**25.8%**	**2,204.8**	**30.6%**
Liabilities under finance lease agreements, net of current portion	3.7	0.1%	0.0	0.0%	0.0	0.0%
Long-term loans, net of current portion	2,728.0	42.5%	2,348.1	36.8%	98.0	1.4%
Provision for long-term employee benefits	28.7	0.4%	23.5	0.4%	24.0	0.3%
Deposit for agro credit sales	18.0	0.3%	21.0	0.3%	24.0	0.3%
Deferred tax liabilities	189.8	3.0%	168.1	2.6%	160.5	2.2%
Other non-current liabilities	0.9	0.0%	0.7	0.0%	0.0	0.0%
Total non-current liabilities	**2,969.1**	**46.2%**	**2,561.5**	**40.1%**	**306.6**	**4.3%**
Total liabilities	**4,886.5**	**76.1%**	**4,205.0**	**65.9%**	**2,511.4**	**34.8%**
Registered capital	3,508.8	54.6%	4,569.6	71.6%	4,569.6	63.4%
Issued and fully paid capital	3,427.2	53.4%	3,427.2	53.7%	4,567.2	63.3%
Share premium	3,403.4	53.0%	3,403.4	53.3%	4,234.0	58.7%
Share discount	(400.0)	(6.2%)	(400.0)	(6.3%)	(400.0)	(5.5%)
Deficit on amalgamation	(7,427.9)	(115.7%)	(7,427.9)	(116.4%)	(7,427.9)	(103.0%)
Retained earnings						
Appropriated - statutory reserve	153.7	2.4%	184.7	2.9%	205.7	2.9%
Unappropriated	2,335.2	36.4%	2,968.3	46.5%	3,497.4	48.5%
Other components of shareholders' equity	41.9	0.7%	18.8	0.3%	20.2	0.3%
Equity attributable to owners of the Company	1,533.6	23.9%	2,174.6	34.1%	4,696.6	65.1%
Non-controlling interests of the subsidiaries	2.2	0.0%	2.5	0.0%	5.4	0.1%
Total shareholders' equity	**1,535.8**	**23.9%**	**2,177.0**	**34.1%**	**4,701.9**	**65.2%**
Total liabilities and shareholders' equity	**6,422.3**	**100.0%**	**6,382.0**	**100.0%**	**7,213.3**	**100.0%**

Asset

For the consolidated financial statements as at 31 December 2015, the Company's total assets were THB 7,213 million, including current assets THB 2,665 million, property plant and equipment THB 1,664 million, goodwill on business combination THB 1,954 million, intangible assets THB 742 million, long-term investment and other non-current assets THB 188 million.

Total assets as of 31 December 2015 increased by 13% or THB 831 million compared to as of 31 December 2014 mainly due to the increase in inventory of THB 672 million and property, plant and equipment THB 338 million and the decrease in cash and cash equivalents THB 65 million, trade and other receivables THB 56 million, parent duck THB 28 million and other long-term investments THB 18 million, respectively. The increase in property, plant and equipment was to improve duck slaughterhouse, new storage of feedstuffs, farms for duck breeders and meat ducks for subsidiaries. As a result, the Company can store more raw materials and increase inventories compared to last year.

Liabilities

For the consolidated financial statements as at 31 December 2015, total liabilities of the Company were in amount of THB 2,511.4 million comprising of current liabilities THB 2,204.8 million, long-term loan THB 98 million and non-current liabilities THB 208.5 million.

Total liabilities as of 31 December 2015 decreased by 40.3% or THB 1,693.6 million compared with total liabilities as of 31 December 2014 mainly due to the repayment of long-term loans THB 2,631 million from IPO proceeds resulting in interest saving. Moreover, short-term loans and bank overdraft was raised to funding an increase in inventory, such as raw materials, etc. Interest expense in 2015 decreased by THB 91.9 million compared with 2014.

Shareholders' equity

As at 31 December 2015, the Company's debt ratio to equity was 0.53 times, the amount of debt equivalent to THB 2,511 million, comprising of debt with no interest and interest-bearing liabilities rate amount of THB 715 million and THB 1,796 million, respectively. Interest-bearing liabilities also included short-term loan amount of THB 1,698 million and long-term loans THB 98 million.

As at 31 December 2015 the shareholders' equity in the financial statement were in amount of THB 4,702 million, increased by 116.0 % as at 31 December 2014, which were in amount of THB 2,177 million, due to the increase in ordinary shares and profits from the annual performance of the Company.

Table 7-7: BR's consolidated statement of income

	For the year ended 31 December					
	2013		2014		2015	
	THB million	%	THB million	%	THB million	%
Sales	7,572.6	99.6%	8,483.8	99.7%	7,728.7	99.6%
Dividend income	1.8	0.0%	-	0.0%	-	0.0%
Realized capital gain on long-term investments	-	0.0%	-	0.0%	13.9	0.2%
Other income	31.3	0.4%	25.4	0.3%	15.9	0.2%
Total revenues	**7,605.7**	**100.0%**	**8,509.1**	**100.0%**	**7,758.5**	**100.0%**
Expenses						
Cost of sales	6,354.9	83.6%	6,778.6	79.7%	6,280.4	80.9%
Selling expenses	301.5	4.0%	331.3	3.9%	357.5	4.6%
Administrative expenses	472.4	6.2%	359.9	4.2%	319.2	4.1%
Exchange losses	24.0	0.3%	20.8	0.2%	25.7	0.3%
Other expenses	17.5	0.2%	0.0	0.0%	0.0	0.0%
Total expenses	**7,170.3**	**94.3%**	**7,490.5**	**88.0%**	**6,982.8**	**90.0%**
Profit before share of income from investment in associate, finance costs and income tax expenses	435.4	5.7%	1,018.6	12.0%	775.7	10.0%
Share of income from investment in associate	0.5	0.0%	0.3	0.0%	0.5	0.0%
Profit before finance costs and income tax expenses	**435.9**	**5.7%**	**1,018.9**	**12.0%**	**776.2**	**10.0%**

	For the year ended 31 December					
	2013		2014		2015	
	THB million	%	THB million	%	THB million	%
Finance costs	(273.5)	-3.6%	(218.8)	-2.6%	(126.9)	-1.6%
Profit before income tax expenses	**162.4**	**2.1%**	**800.1**	**9.4%**	**649.3**	**8.4%**
Income tax expenses	(34.3)	-0.5%	(139.0)	-1.6%	(99.0)	-1.3%
Profit for the year	**128.1**	**1.7%**	**661.1**	**7.8%**	**550.3**	**7.1%**

Revenues

The Company's revenues from sales decreased 9% as a result of the global economic downturn affecting the decrease of revenues from both domestic and overseas operation, including price competition of both domestic and overseas.

Sales from Thailand operations in 2015 was total THB 4,468 million, a decrease by 5% compared to 2014 due to the main reason of revenues from the duck meat product, by-products and food product decreased 12% to THB 2,213 million in 2015 because of the economic downturn not only affected to the consumption but also affected to the price competition.

Sales from overseas operation total THB 3,261 million in 2015 decreased by 14% from THB 3,786 million in 2014. The result of economic downturn, especially in China, Japan and Europe market, caused of price competition included the Yen currency problem that brings the Japan import reduction.

Net profit

For the year of 2015, the Company reported net profit of THB 550 million which was THB 111 million or 17% lower year-on-year (y-o-y). The main cause of this reduced profit was (1) the lower sales revenue result which is attributed to local and global economic downturn affecting selling prices for both Local and Export, including (2) the strengthening of the Baht vs Euro resulting in unfavourable currency translation to the Company.

The reported earnings per share in 2015 was therefore THB 0.69 per share calculated on a weighted average number of ordinary shares of 794.14 million.

Table 7-8: BR's consolidated statement of cash flow summary

THB million	For the year ended 31 December		
	2013	2014	2015
Net cash flow from (used in) operating activities	395.9	1,250.9	161.5
Net cash flow from (used in) investing activities	(314.6)	(377.0)	(548.6)
Net cash flow from (used in) financing activities	26.4	(815.8)	317.9
Increase (decrease) in translation adjustments	14.5	(16.1)	4.6
Net increase (decrease) in cash and cash equivalents	**122.2**	**42.0**	**(64.7)**

Cash flow

For the year ended 31 December 2015, the Company reported net cash generated by operating activities in the amount of THB 161.5 million, decreased significantly from previous years, as the Company's profit decreased including storage inventories increased significantly.

Net cash used in investing activities was in the amount of THB 548.6 million in 2015, mainly from acquisition of fixed assets in amount of THB 503.9 million.

Cash from financing activities was THB 317.9 million, divided into the cash received from short-term loan and long-term loan THB 1,073.3 million and cash received from increase capital THB 1,970.5 million. The Company made a repayment of long-term loan and liabilities under finance lease agreement in amount total of THB 2,728.0 million.

Table 7-9: BR's key financial ratios

	For the year ended 31 December		
	2013	**2014**	**2015**
Liquidity Ratio			
Liquidity ratio (times)	1.14	1.29	1.21
Quick Ratio (times)	0.51	0.56	0.37
Cash Ratio (times)	0.24	0.69	0.08
Account receivable turnover (times)	10.23	11.92	12.06
Receivable days	35.19	30.21	29.84
Inventory turnover (times)	5.80	5.82	4.20
Inventory days (days)	62.08	61.84	85.70
Account payable turnover (times)	19.56	18.63	14.50
Payable days (days)	18.40	19.32	24.82
Cash cycle (days)	78.86	72.73	90.71
Profitability Ratio			
Gross profit margin (%)	16%	20%	19%
Operating profit margin (%)	10%	12%	10%
Net profit margin (%)	5%	8%	7%
Return on equity (%)	12%	36%	16%
Efficiency Ratio			
Return on asset (%)	6%	10%	8%
Asset turnover (times)	1.10	1.33	1.14
Financial Policy Ratio			
Debt to equity ratio (times)	3.18	1.93	0.53
Interest coverage ratio (times)	1.60	5.61	1.27
Debt service coverage ratio (times)	3.70	2.81	205.29
Dividend pay-out ratio (%)	-	-	-

Financial ratios

For the consolidated financial statements as at 31 December 2015, the Company's liquidity ratio was 1.21 times, decreasing from 1.29 times in the previous year because short-term loans from financial institutions increased by THB 976 million.

For the consolidated financial statements as of ending 31 December 2015, the Company reported debt to equity ratio of 0.53 time, decreasing from 1.93 times as of 31 December 2014 due to increase in registered capital and paid-up capital after listing in the SET, totaling THB 2,006.4 million and the repayment of long-term loans THB 2,631 million.

Collection period as at 31 December 2015 was 85.7 days, increasing from 61.84 days as of 31 December 2014 resulting in the Company's Cash Cycle as at December 31, 2558, increased to 90.7 days compared to 72.7 days as at 31 December 2014, because the Company had maintained production at the same level as in 2014, despite of sales slowdown in 2015.

Return on equity in the financial statements as at 31 December 2015 was 16%, down from 31 December 2014 at 36% due to increase in registered capital and paid-up capital after listing in the SET, totaling THB 2,006.4 million and net profit decreased by THB 111 million or 17% result from 9% dropped in revenue from sales because the domestic and global economic downturn affected continually to the price competition both in domestic and oversea market including the appreciation of Baht.

The Company's liabilities

The Company had made a contract with commercial duck farmers so the company has a liability to purchase ducks with the settlement price based on the contact as of 31 December 2015. As of First Quarter 2016, the company has a liability to purchase ducks from commercial duck farmers with an estimated amount of THB 390.0 million.

As of 31 December 2015, under the contract that DTH and DTH's subsidiary had made with commercial duck framers, DTH and DTH's subsidiary have a liability to purchase duck from commercial duck farmers in First Quarter 2016 with an estimated amount of EUR 3.0 million.

Under the contract that DTH and DTH's subsidiary had made with parent stock farmer, the company has a liability to purchase parent and hatchery ducks at the market price as of 31 December 2015. The mentioned subsidiary has a liability to purchase parent and hatchery ducks in 2016 with an estimated amount of EUR 2.0 million.

1.7. Business Overview

(The following information provided by the Company is latest information and used by the Company's management for business planning)

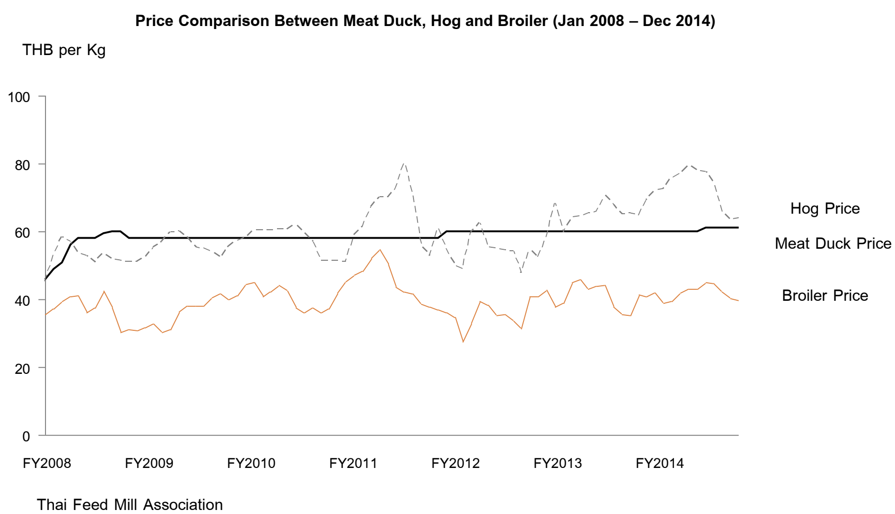
In Thailand, the duck meat market needs to meet consumers' needs amounting to approximately 79 thousand tons per year and a cumulative average growth rate of approximately 3.5% per year during 2008-2011. Thailand's duck meat industry is composed of few players. The major players in this industry are Bangkok Ranch Public Company Limited and Charoen Pokphand Foods Public Company Limited. It is estimated that the company has a market share of the domestic meat market produced by the industrial sector at approximately half of the total shares after deducting the market share of small players at 6.0%. The popular species of duck bred in Thailand is Peking duck (especially the species called "Cherry" which is a sub-species of Peking duck) and other species such as Muscovy or Mulard, which are not very popular since the texture is less tender and the taste is not preferred by customers. Wild ducks are usually raised by small farmers and not raised in the industry, but mostly for its eggs.

Industry players with expertise in the duck industry include manufacturers and distributors with a full range of duck meat products and by-products such as duck breeding farms, hatcheries, raising and slaughtering of ducks for meat and other ducks as processed food, including other related products from ducks such as feathers. In addition, the production of processed animal foods usually includes the duck industry since processed animal foods are also a major part of funds spent in raising ducks. However, the development of duck species has not been performed in Thailand since the players for developing duck species are less in number and frequently operate in Europe and China P.R.C.

The benefit for the industrial players in producing duck meat to be achieved from the value chain are the ability to control the quality of the meat to meet high and consistent standards, control over the quantity of production and other related activities from upstream to downstream in which the most important is control over cost effectiveness.

In addition, the production of the duck meat industry can maintain its stability with a high-tech industry. This is observable in the sales price of duck meat which is of very low volatility compared with the industrial production of other poultry or pork. This is because the players in the in the duck industry and production of duck meat who can meet the needs of consumer demand are few and usually have no surplus of duck meat on the market. With this less volatility itself, the key players in the duck industry are able to maintain profits very well.

Figure 7-2: Price Comparison between Meat Duck, Hog and Broiler (Jan 2008 – Dec 2014)



New players may not be able to join in the duck meat industry easily since it is an industry involving high investment volume in addition to experience in raising and breeding ducks aimed at making the ducks gain higher meat proportions with less fat while making certain that ducks are not overfed with processed animal food (or maintaining the Feed Conversion Ratio (FCR) at a competitive level). They also need the ability to produce good quality duck meat that is well-known by customers for its quality. In addition, the nature of ducks is different from chickens. The raising methods, equipment layout on the farm, moisture control and period for raising are also different. Ingredients and recipes, duck raising and feeding management and slaughterhouses, including the process of duck plucking which is more complicated than chicken plucking make it difficult for poultry producers to shift their industrial activities to duck meat.

Most customers of the duck meat industry can be classified into the following 3 main groups:

- Hotel and Restaurant Entrepreneurs (Horeca) - The customers range from large customers who operate as entrepreneurs of large networks (Hotel or Restaurant chains) to small customers and type of duck trades such as the business-to-business type.

- Duck Wholesale which is usually distributed to small restaurants or retail buyers.
- Retail Customers who buy the product purchased through retail sellers or the channel of modern trade by distributing through various retail shops and outlets.

While small manufacturers of duck meat or manufacturers in the region do not operate their businesses as a large industry, they usually sell the product to restaurants and retail buyers. Because the retail manufacturers often have smaller enterprises and may not be able to keep up with the consistency of quality as well as larger enterprises, the smaller entrepreneurs often invest in less space for breeding and raising than the major manufacturers. Furthermore, due to the high growth rate of duck meat in the export market, small manufacturers or manufacturers in the region may not be certified to meet export standards. Therefore, it is impossible for them to send their products to foreign countries.

The factors driving the country's capacity to produce more duck meat include six main reasons which could enable Thailand to have the potential to become a major global supplier. These main factors driving the growth of the industry are as follows:

1. Duck farm area and availability of duck farmer

Countries with agricultural and farming backgrounds have area that is suitable for raising ducks and has the potential for agriculture can be the manufacturers of duck meat since the industrialization of processed duck and duck meat requires raw materials from the local level in order to transport live ducks for entry to slaughterhouses and food processing factories with low cost efficiency. Therefore, countries that are already available in terms of agriculture will have the advantage and become major duck meat manufacturers.

Thailand, which has its roots in agriculture, holds potential for farmers in raising ducks and could develop the ability for raising ducks by modern methods such as modified ducks farm from open farms turned into closed farms. This would allow continue growth for the duck meat industry in Thailand.

2. Capacity to develop duck meat to meet market demands

Duck meat is in demand on the market. Thus, a high proportion of meat and a lower proportion of fat are required. Moreover, duck meat should have high nutritional value, be rich in protein and offer energy for consumers (caloric value) at the appropriate levels. The production of duck meat to meet the aforementioned standards would require the development of duck breeding and raising, including the development of proper animal feed at the developmental stages of ducks in order to gain high quality duck meat to meet the needs of consumers.

Thailand is a country that has the capacity to develop duck meat in response to the market demands. In developing a method of raising ducks for high quality, clean and safe duck meat, producers would also need to develop special, high nutrition quality foods for ducks while upgrading the quality of processed duck meat to meet higher standards.

3. Duck meat manufacturing

Major duck importing countries such as EU countries and Japan have very high standards for importing duck meat. If duck meat manufacturers intend to export their meat to these countries, they need to be able to control the quality of duck farms and processed duck meat at every step of the breeding and food processing cycles. Therefore, it is necessary for the duck meat industry to upgrade their technology. Players with high potential to compete must engage in a full range of the value chain. They must be able to control the quality of duck meat that can be traced back to the origin of duck meat used for consumption and control every stage of the production process.

Some major duck meat producing countries such as Vietnam have much lower industrial development than in Thailand since there are few modern manufacturers. Farmers usually raise ducks in open fields. Therefore, it is impossible to control and maintain the quality of duck meat at high standards and meet global demands. Thus, duck meat in Vietnam is produced only in the country. Lesser development and inferior industries producing duck meat in some countries would enable a better opportunity for Thai manufacturers who have high potential and are recognized for acceptable standards.

4. Industrial quality and safety control for consumers

Countries with the potential to control the quality of duck meat to meet international standards must be determined and control the standards of duck meat to have licenses issued for operating their businesses in terms of duck raising and processed duck meat. They also need to continue checking and monitoring their systems in cooperation with the Department of Livestock Development to enhance consumer confidence in consuming duck meat. In addition, intensive measures are required to prevent the outbreak of diseases such as avian influenza in poultry as doing so would create a huge advantage in the export of fresh meat and meat products. Many of the world's largest meat importers have restrictions on the import of fresh meat from countries with outbreaks of avian influenza similar to the outbreak faced by Thailand in 2004. Major duck consumer countries such as EU countries and Japan suspended the import of fresh duck meat from Thailand. This caused a slowdown in the duck manufacturing industry. However, after effectively solving the outbreak in poultry in Thailand and once the ban on imports of fresh meat from Thailand were lifted by the EU in 2012 and Japan in 2013, Thailand was able to increase the amount of duck raised and duck meat to export and meet the needs of these consumers in major markets.

5. Government agency support

The country has strong government agencies. In particular, the agencies of the Department of Livestock Development have capability in terms of personnel, good control of the duck meat industry and good recognition in the national arena to reassure consumer confidence, stimulate consumer demand and definitely reflect good feedback toward manufacturing and processed duck meat. Above all, these agencies will ensure importing countries that the manufacturing processes of our country are safe and eventually ensure the stability of duck meat manufacturing.

Government agencies in Thailand, particularly, the Department of Livestock Development, should have intensive control measures in the operation of farm-raising, slaughterhouses and duck meat processing. Permits should be required to operate the aforementioned businesses in addition to permission to move poultry with screening and control of poultry diseases to prevent the spreading of any disease and including the killing of animals exposed to infectious diseases or outbreaks. These types of measures would contribute to the development of industrial duck production and ensure consumer confidence regarding duck meat consumption.

6. Tax incentives for imported duck meat

Countries in the EU are the world's largest importers of duck meat. Thus, these countries have in place several tax measures to protect farmers and the duck farming industry in the EU. Furthermore, anti-dumping measures via importing quotas from other countries have been strictly required since 2013. China P.R.C., a major exporter of duck meat, has been required to comply with the tariffs for cooked duck meat at a rate of 2,765 tons per EUR (EUR 2.765 per kilogram), which is higher than other exporters since the duck meat imported from China falls within the scope of dumping. At the same time, raw duck meat from China has been strictly banned since problems with an avian influenza outbreak in China.

Thailand has benefited from the EU quota. Cooked duck meat is subject to tax at a rate of 10.9% for first imports of 13,500 tons in that year and the tax rate will increase to EUR 2,765 per ton for imports exceeding the quota. Countries other than Thailand have been granted quotas for only 200 tons per year for cooked duck meat. This quota system is beneficial to Thailand because the tax rate is rather low and the volume permitted for imported duck meat is quite sufficient compared with the volume of exports of duck meat in Thailand each year. While major manufacturers such as China P.R.C. have been granted lower tax benefits than Thailand, the manufacturers of duck meat from China are required to lower their export of cooked duck meat in order to enable competition with the products from Thailand.

7. Foreign duck meat industry

The region consuming the most duck meat in the world is Asia with a demand for duck meat consumption of approximately 3,400 tons in 2011 which represents approximately 85% of the demand in the world's consumption of duck meat. With an average annual growth rate of approximately 4.0% per year during the 3 previous years, the second largest duck meat consumption was Europe where the demand was approximately 450 thousand tons in 2011 with an average annual growth rate of approximately 2.0% per year. The demand for duck meat consumption in both regions combined accounts for approximately 96% of the global demand for duck meat. Thus, these two regions are essential and highly recommend for duck manufacturers.[3]

8. Global demand for duck meat consumption

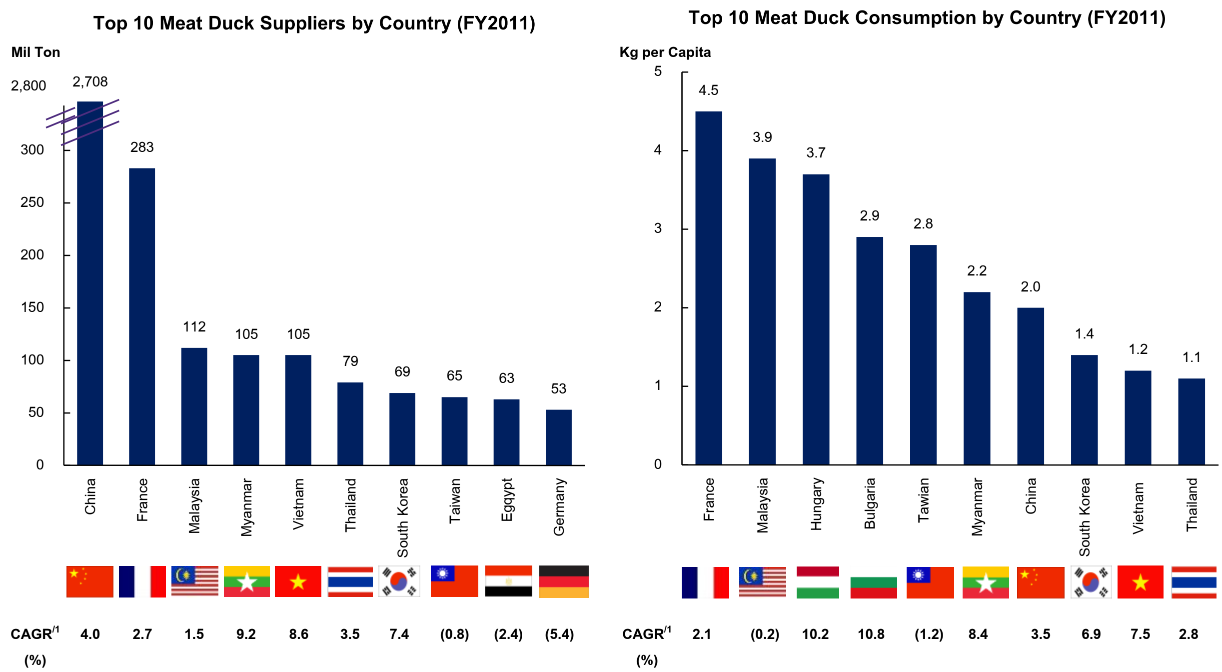
The global demand for duck meat consumption in 2011 was approximately 4.2 million tons in which the 25 highest duck meat consumptions involved approximately 4 million tons of duck meat. The top 5 duck meat consumers in the world are China P.R.C, France, Malaysia, Myanmar and Vietnam. In 2011, China consumed

[3] Source: Analysis from the International Poultry Council by estimating consumer demand for duck meat in the 25 countries with the highest duck meat production in the world.

duck meat at 2.7 million tons per year; France consumed approximately 283 thousand tons per year; Malaysia consumed approximately 112 thousand tons per year; Myanmar and Vietnam consumed approximately 105 thousand tons per year. Thailand has been classified as the country with the 6th highest consumption of duck meat in the world and consumed approximately 79 thousand tons of duck meat in 2011.[4]

The top 5 countries with the highest per capita consumption of duck meat at the end of 2011 include France, which consumes duck meat at approximately 4.49 kg per capita/per year; Malaysia, which consumes 3.88 kilograms per capita/per year; Hungary, which consumes approximately 3.69 kilograms per capita/per year and Taiwan, which consumes 2.81 kilograms per capita/per year. The world's largest duck meet manufacturer, China P.R.C., consumes duck meat at approximately 2.03 kilograms per capita/per year. And Thailand consumes duck meat at approximately 1.13 kilograms per capita/per year[5].

Figure 7-3: Top 10 Meat Duck Demand by Country



Note: /1 Average 3 Year Historical Growth Rate (FY2008 – FY2011)
Source: International Poultry Council

The factors driving the consumption of duck meat consist of two main factors stimulating the demand as follows:

(1) Popularity of foods containing duck meat

[4] Source: International Poultry Council
[5] Source: International Poultry Council

National foods containing duck meat are another key factor in boosting the popularity of duck meat, especially foods in Asia such as, Chinese food, which has a variety of foods containing high amounts of duck meat such as Peking duck, roasted duck and fried duck with herbs and spices. In addition, Thai food also uses duck meat in its ingredients for foods such as roasted duck with rice, flat egg noodles with roasted duck, roasted duck with sweet gravy sauce, red curry with roasted duck and stewed duck, etc. In Europe, duck meat is also a key ingredient in cooking foods such as seared duck breast fillet, duck confit and duck salad, etc.

The popularity and widespread recognition of foods containing duck meat has arisen from the popular flavor of the duck since its unique and distinctive taste is unlike any other type of meat. It also provides high levels of nutritious protein. Based on the above attributes, the demand for duck meat has grown, even though the global economy is facing problems. For example, although the EU suffered a severe economic slowdown in 2010, the demand for duck meat was found to continue to grow and duck meat consumed in the EU was approximately 0.84 kilograms per capita/per year in 2006. This increased to 0.96 kilograms per capita/per year in 2011, which was up by a Compound Annual Growth Rate (CAGR) of approximately 3% per year.

(2) Potential consumers for duck meat products

Availability and the purchasing power of consumers are also considered very important factors in stimulating consumer demands, especially in developing countries with high economic growth rates and popular duck meat consumption such as in China P.R.C., which is a country with a population of over 1300 people and a high economic growth rate. The population in the country is a potential buyer and consumer behavior is shifting to more meat consumption than in the past. According to findings, the consumption of duck meat per capita in China increased in the cumulative average growth rate of 5% per year during year 2006-2011. These factors have contributed to the production of duck meat in the China P.R.C., which has increased in the cumulative average growth rate of approximately 5.5% per year during the same period.[6]

Although the demand for duck meat consumption in Thailand has slowed down since the avian influenza outbreak in 2004, the demand for duck meat consumption has increased since 2008 onward from 1.04 kilogram per capita/per year to 1.13 kilograms per capita/per year in 2011 for an increased average of 3% per year[7] once the outbreak had been controlled. This expansion is in line with the expansion of the domestic economy. As a result, the purchasing power of consumers has increased.

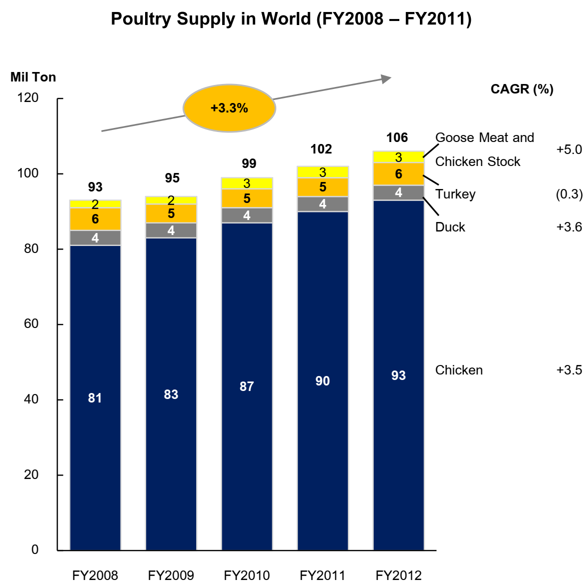
9. Global duck meat manufacturer supply

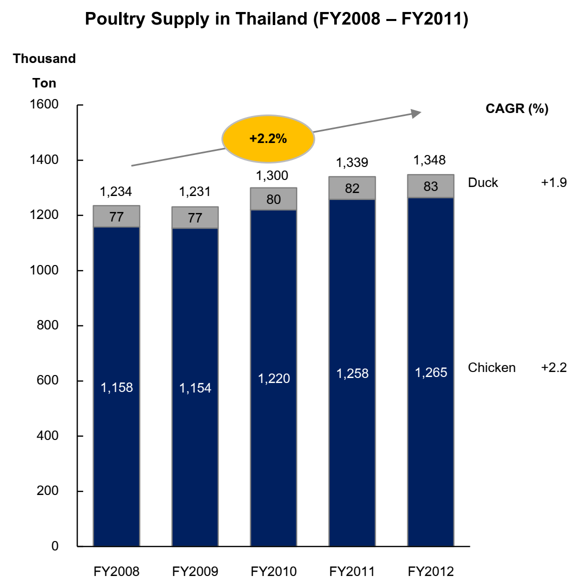
For the supply side, the global production volume of poultry in 2012 was equivalent to 106 million tons[8] divided into chicken at 92.8 million tons and accounting for 88% of the total global world production; turkey meat at 5.6

[6] Source: International Poultry Council
[7] Source: International Poultry Council
[8] Source: FAO

million tons to account for 5% of total production; duck meat at 4.3 million tons to account for 4% of the total global production; and geese and guinea fowl meat at 2.8 million tons to account for 3% of the global production volume. The growth rate of the average annual global production of poultry meat in 2008 - 2012 was 3.3%, while the cumulative average growth rate per year for duck meat during the same period was 3.6%. This indicates that duck meat has a higher growth rate than any other poultry meats altogether. The increased production of poultry meat each year could reflect consumer demand for poultry meat in accordance with the growth of the global economy.

Figure 7-4: Poultry Supply in the World and Thailand (FY 2008 – 2011)

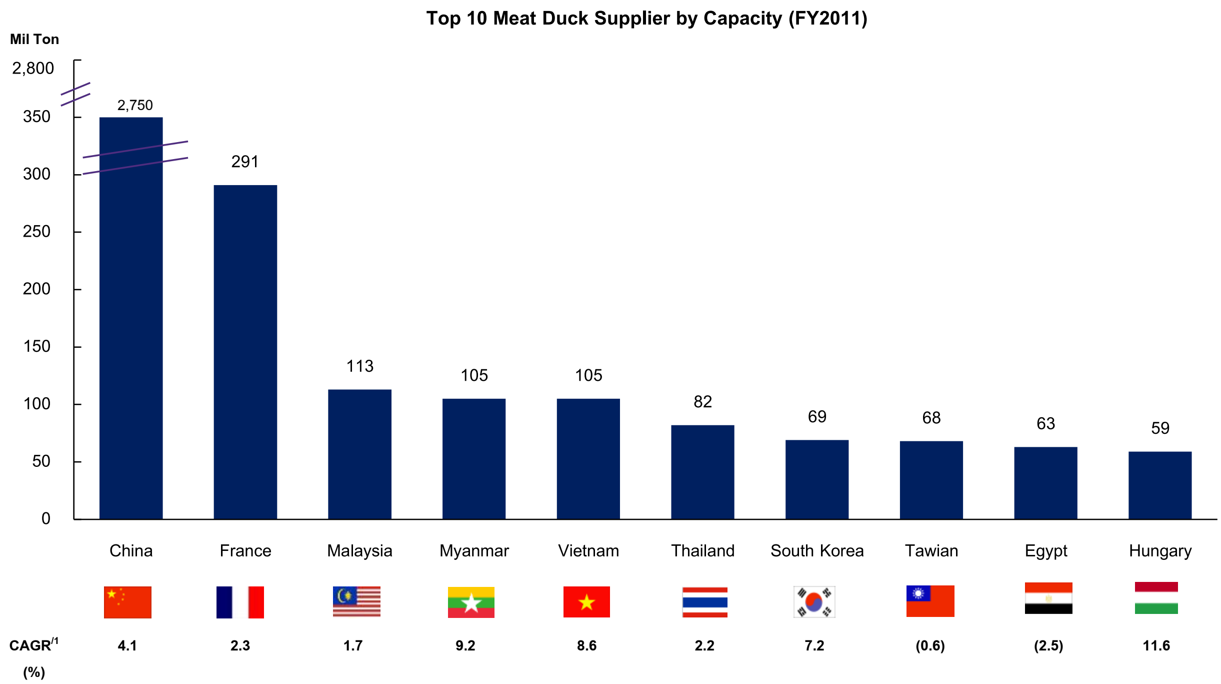




The 5 largest countries involved in duck meat production in the world at year-end in 2012 were China P.R.C., France, Malaysia, Myanmar and Vietnam with 82% of the total production of duck meat worldwide. China P.R.C has a total production volume of duck meat at 2.75 million tons per year to account for 67% of the global production volume. France has a total production volume at 290,000 tons of duck meat per year to account for 7% of the total global production. At the same time, Malaysia, Myanmar and Vietnam have a proportion of production accounting for approximately 3% of the total production of duck meat worldwide.[9]

[9] Source: International Poultry Council

Figure 7-5: Top 10 Meat Duck Supplier by Capacity



Note: /1 Average 3 Year Historical Growth Rate (FY2008 – FY2011)

Source: International Poultry Council

In Thailand, the volume of poultry meat production in 2012 was 1.35 million tons[10] representing approximately 1.3% of the total production worldwide. The poultry meat most frequently produced is chickens with production volume of 1.27 million tons to account for 94% of total production, while duck meat production is approximately 83,000 tons to account for 6% of total production. The production of duck meat is mostly for domestic consumption. While the export of Thai duck meat account for approximately 10% of total production at year-end in 2011, Thailand is considered the largest producer of duck meat and has ranked number 6 among the global duck meat producers to account for 2% of the total production of duck meat worldwide.[11]

10. Export of duck meat from Thailand

The export of Thai duck meat in the market was worth THB 1,967 million in 2013 and the export volume of duck meat was equivalent to 9,585 tons. However, when compared to the past, the explore volume has shrunk from 2009 when the highest export volume was 14,700 tons. The contraction of exports occurred during 2010- 2012 and the main exporting market in Europe experienced an economic slowdown that also affected the Thai export of duck meat. Moreover, intense competition from more cooked duck meat came from China P.R.C. Hence, the volume of exports to the EU has increased since the price is lower than the duck meat from Thailand. This could

[10] Source: FAO
[11] Source: International Poultry Council

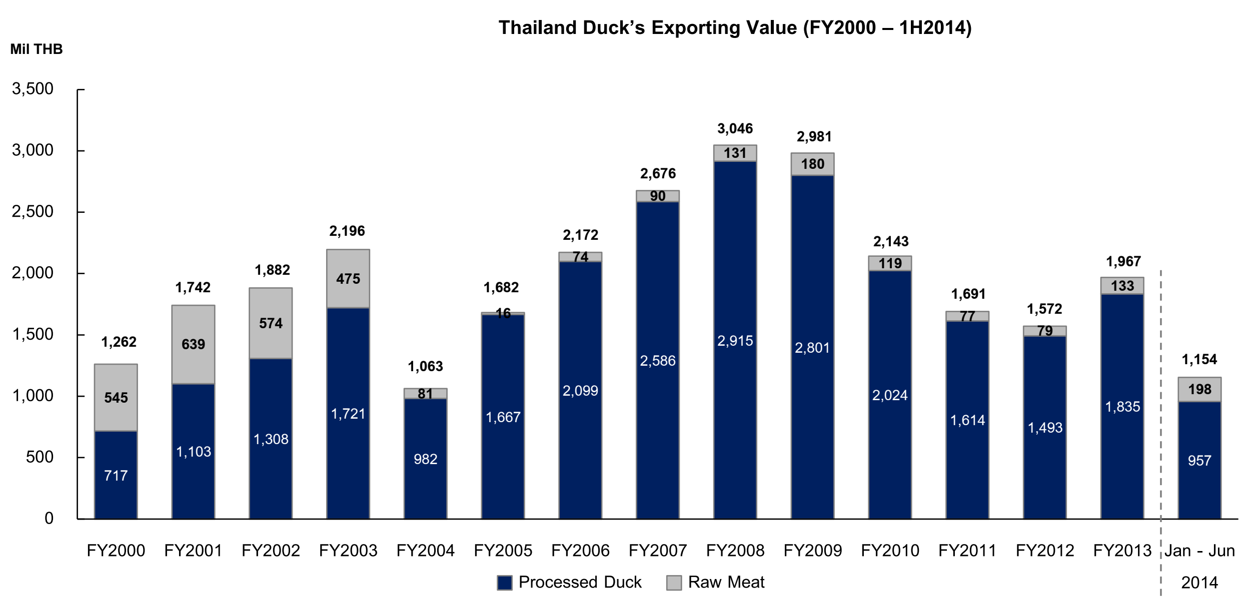
enable an opportunity for China P.R.C to win over Thai duck meat among those customers who are cautious about duck meat prices.

In 2013, however, the exporting market of Thai duck meat showed signs of recovery with the expansion of duck meat export volume to 18% compared to the previous year. The main reason arose from the quotas of export volume for duck meat required by the EU which began in March 2013. For this reason, the cooked duck meat from China P.R.C began to have a higher exporting cost. Moreover, the banning of Thai fresh duck meat exporting to the EU was lifted on 2 July 2012. This allows the volume of Thai fresh duck meat to increase respectively. In addition, because the ban for exporting Thai duck meat to Japan was cancelled on 25 December 2013, there is a good opportunity for exporting fresh Thai duck meat to Japan since Japan ranks second in the global duck meat import market.

11. Thai duck meat export value and volume

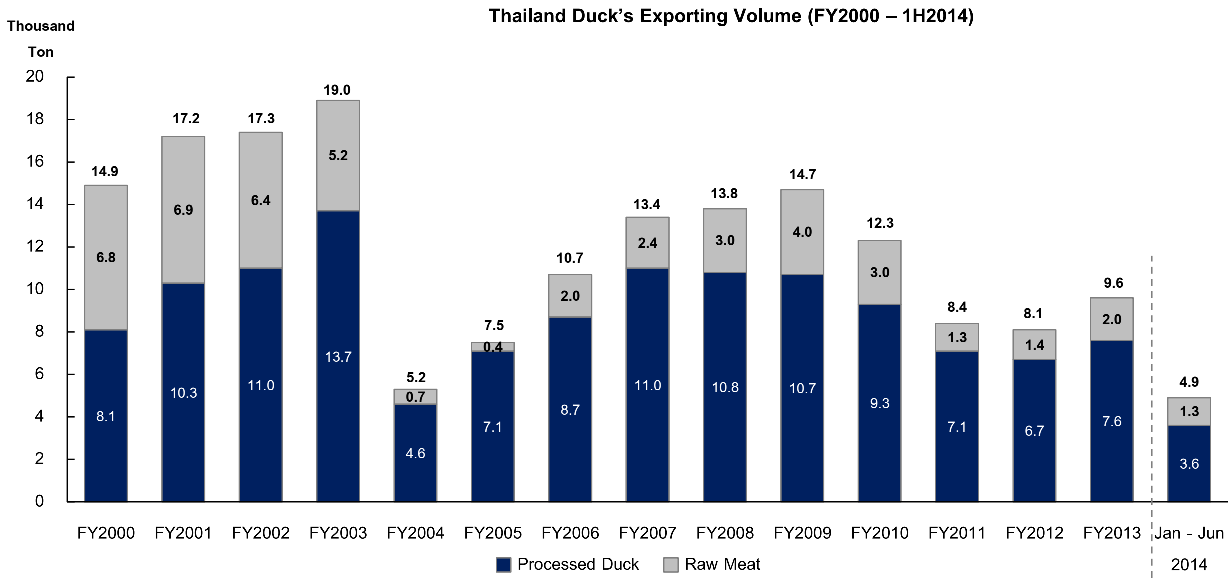
The duck meat exported from Thailand was under sharp contraction in 2004 as a result of the spread of avian influenza in Thailand. However, the situation has gradually improved since Thailand has exported cooked and processed duck meat to substitute fresh duck meat. The slowdown of duck meat exports in 2010 was a result of increasing competition from cooked duck meat exported from China to the EU. And 2009 was the first year the EU permitted the import of cooked duck meat products from China P.R.C.

Figure 7-6: Thailand Duck's Exporting Value (FY2000 – 1H2014)



Source: Department of Livestock Development

Figure 7-7: Thailand Duck's Exporting Volume (FY2000 – 1H2014)



Source: Department of Livestock Development

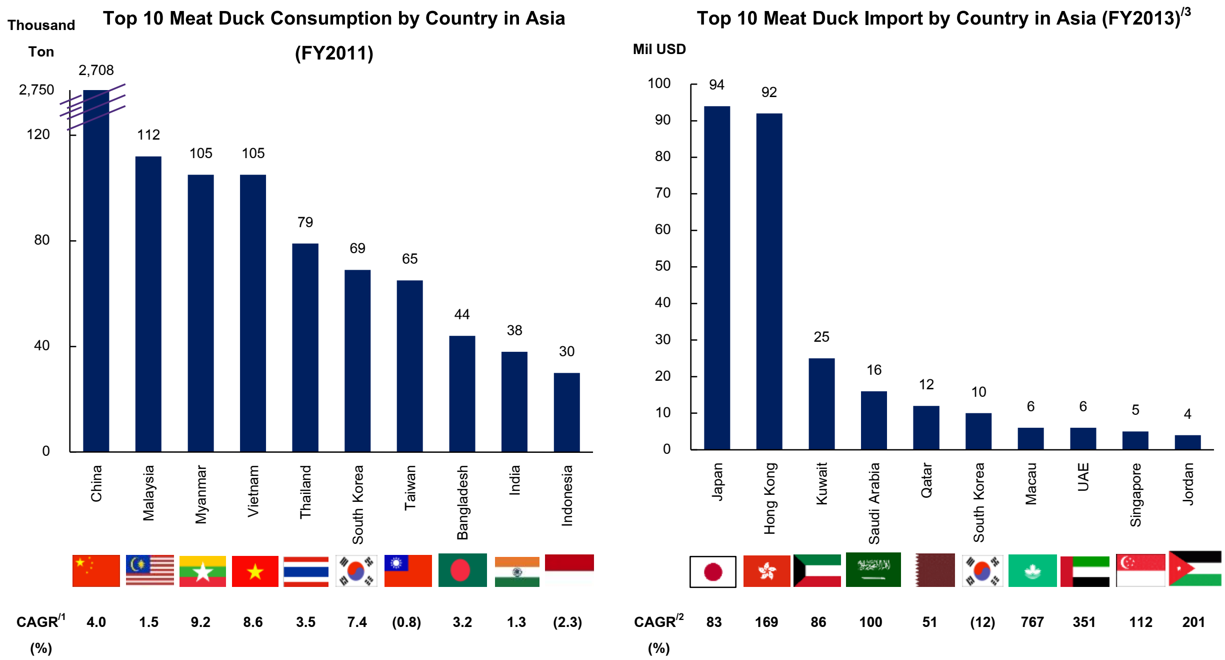
Apart from the markets in Europe and Japan, Thailand has the potential to export duck meat to the largest duck consumer countries in the ASEAN region such as Vietnam and Indonesia, which are the major consumers of duck meat with consumer demands of 105 thousand tons and 30 thousand tons per year, respectively.12 In addition, those countries are also net importers of duck meat since the volume of domestic production in the country is insufficient to meet the needs of consumers. Russia is also a potential market and the volume of imports was approximately 2,924 tons in 2011.13 Therefore, duck meat exports to the ASEAN region and Russia are a great opportunity for Thailand to export duck meat.

12. Asian market attractiveness

Asia is the continent with the highest consumption of duck meat in the world since a variety of dishes are prepared with duck meat and because duck meat has gained popularity in various countries, particularly in China P.R.C. which has the highest consumer demand for duck meat in the world at approximately 2,700 tons per year in year 2011 to account for 67% of the global demand for duck meat consumption. Furthermore, the regions of Southeast Asia such as Malaysia, Myanmar, Vietnam and Thailand are countries that have needs for duck meat consumption and rank from second to fifth, respectively. Thus, these countries are potential markets with high growth rates.

[12] Source: International Poultry Council
[13] Source: FAO

Figure 7-8: Top 10 Meat Duck Consumption by Country in Asia and Top 10 Meat Duck Import by Country in Asia



Note: /1 Average 3 Year Historical Growth Rate (FY2008 – FY2011) /2 Average 3 Year Historical Growth Rate (FY2011 – FY2013) /3 The figure in FY2014 is not completed

Source: International Poultry Council

In terms of the opportunity to export duck meat to various countries in Asia, the markets with the 3 largest net imports in the regions are in Japan, Hong Kong and Kuwait were net imports are valued at approximately USD 94 million, USD 92 million and USD 25 million, respectively. The players in these markets are unable to produce their own duck meat to satisfy domestic consumer demands. This opens opportunities for manufacturers of duck meat from other countries to export duck products to those countries.

13. Competition between manufacturers in selling to major consumers in Asia

Japan is a country with high potential in Asia. Since the production of duck meat in Japan is insufficient for the population in the country, Japanese people rely on imports from other countries. However, the Japanese usually like to import raw duck meat for personal preference in cooking. They also have strict measures for importing duck meat that are similar to the EU. Countries seeking to export raw duck meat to the Japanese market must have high standards for export products. In this sense, there can be no outbreaks of avian influence and the exporting countries need to have standardized duck farms, establish duck raising methods, maintenance of animal welfare, and quality control of the manufacturing chain from upstream to downstream, quality product assurance such as GMP and bacteria control to prevent potential contamination in the production process such as HACCP. Moreover, the exporting countries need to have adopted Japan's exporting requirements and strict measures. For this reason, major duck meat manufacturers in Asia such as China, Vietnam or South Korea are unable to export fresh duck meat to Japan due to outbreaks of avian influenza in their countries that could cause harmful disease or other types of contaminations in duck meat. Thus, the opportunity opens up for main exporters such as Thailand and Brazil to sell duck meat to Japan. Furthermore, if product cost is considered, Thailand has a competitive edge since the cost of transporting the product from Thailand to Japan is much cheaper than the cost of transportation from Brazil to Japan. In this regard, Thai fresh duck meat exporters would gain advantages in the Japanese market, if Thailand can maintain its prevention of avian influenza outbreaks. As of today, Japan represents a market with high potential for Thai fresh duck meat exporters in the near future.

The imported duck meat in the Hong Kong market is considered the 2nd potential market in Asia, but the main exporter is China P.R.C. because the proximity between the market and manufacturers is small, the cost of transportation is very low. In addition, the similarity of language and culture as well as more convenient trading between these two countries could allow a very high market share for China P.R.C.

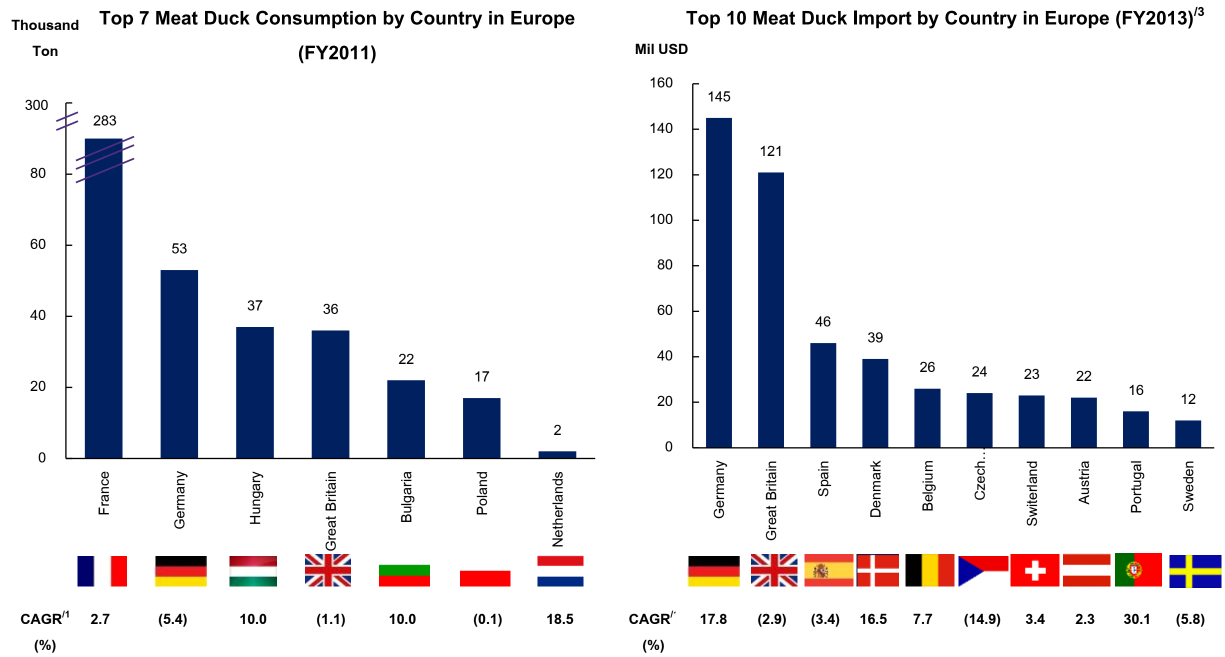
14. Attractiveness of the EU market

Europe is a region with duck meat consumption that ranks second in the world to account for 11% of global duck meat consumption in 2011. The country that consumes the most duck meat in this region is France due to the popularity of eating Foie gras, which is a popular national food. Moreover, duck meat has been an important ingredient in a variety of French foods. France is also the country with the highest consumption of duck meat in the world per capita consumption with approximately 4.5 kilograms per capita per year in 2011. This makes the industrial production of duck liver and duck meat for consumption large in terms of size and constant growth. The countries with second largest consumers of duck meat in Europe are Germany and Hungary which are net exporters of duck meat.

Europe is one of the major manufacturers of duck meat in the world. It is also a net exporter of duck meat. With the export value of duck meat in Europe in 2014 estimated at USD 1,140 million, the value of imported duck meat products accounted for USD 1,005 million. This means the value of net exports accounted for approximately USD 530 million with an average CAGR of 20% per year during 2011-2014.

In terms of opportunities for the duck trade in Europe, which is a huge market with net imports of duck meat ranking third in the world in 2014, Germany, Britain and Spain had total net imports of approximately USD 145 million, USD 121 million and USD 46 million, respectively. Considering the expanding net imports of the above countries, the value of the import market could be found to shrink somewhat in some countries due to the economic slowdown across Europe. Thus, consumers are particularly sensitive to prices and tend to buy cheaper products over expensive ones. However, the consumption of duck meat in Europe appears to be constantly expanding. According to the latest data as of 2011, the consumption of duck meat grew by CAGR at approximately 2.0% per year during the last 3 years with an average growth rate of approximately 3.3% per year during the past 5 years. This indicates that the consumption of duck meat has been able to continually expand, even though this region suffered from an economic slowdown.

Figure 7-9: Top 7 Meat Duck Consumption by Country in Europe and Top 10 Meat Duck Import by Country in Europe



Note: /1 Average 3 Year Historical Growth Rate (FY2008 – FY2011) /2 Average 3 Year Historical Growth Rate (FY2011-FY2013)

Source: International Poultry Council

15. Competition between manufacturers in selling to major consumers in Europe

Owing to EU tax relief measures for trading between member countries, duck meat can be traded freely. However, some countries in the EU may not be fond of imported duck meat from countries that have been forcing the duck to eat or "Force feeding". For example, Austria, the Czech Republic, Denmark, Finland, Germany, Italy and Luxembourg have issued laws prohibiting ducks raised with overfeeding. Therefore, duck meat from France may not be popular among consumers from other countries in the EU which are very conservative about this issue. The ducks in France, which are raised for their livers, are often overfed. This is a great opportunity for duck meat manufacturers from countries keen about animal welfare to produce duck meat to meet the needs of high consumer demands.

The Netherlands ranks as the fourth largest duck meat exporter in Europe after France, Hungary and Germany. The Netherlands had an export value of duck meat at approximately USD 92 million in 2014 and a CAGR of approximately 6% per year during 2012-2014. The value of duck meat exports from the Netherlands accounted for about 5% of the total value of exports of duck meat products to all European countries.

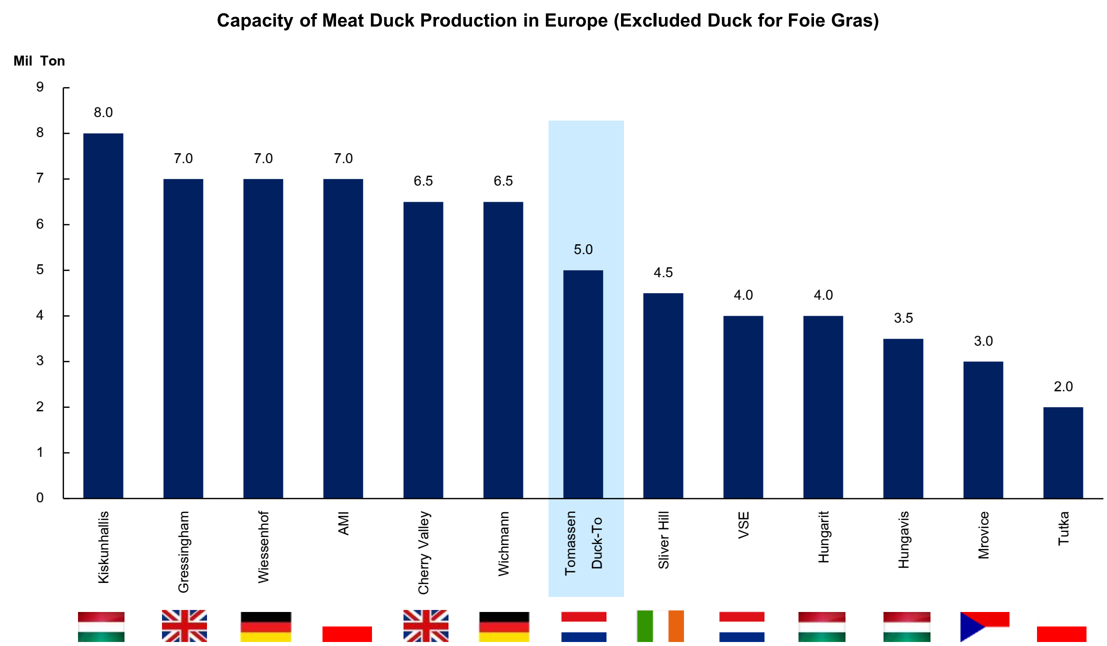
The Netherlands is also located in a geographical area that has high potential for trading and transporting duck meat because it is located next to Germany, the largest consumer and trader of the majority of the world's duck meat. In addition, the opportunity for trading duck meat between the Netherlands and other countries in the EU remains wide open for the Netherlands since its duck meat quality is widely recognized and accepted. It also offers low costs for transportation within the EU.

The reason that the Netherlands is a major exporter of duck meat to Europe is due to the availability of its poultry industry which has had a long history from the start. The Netherlands has several methods for raising ducks based on the standards of animal welfare and safety with advanced manufacturing processes and quality control from upstream to downstream. They use technology that have been produced by the DTH group in the Netherlands, which is a product that has gained high confidence from consumers since the company has been operating in the poultry and duck meat processing business for over 50 years and is considered the largest manufacturer in the Netherlands.

The aforementioned factors have allowed the manufacturers in the Netherlands a high market share in Europe with potential to deliver products to various countries in Europe since there is no obligation to pay import taxes. In addition, the Netherlands offers low domestic transportation cost in the region. Thus, products from the Netherlands have become popular and widely recognized.

There are 3 major duck meat players in Europe. These include Kiskunhallis (Hungary), Gressingham (UK) and Wiassenhof (Germany). The largest suppliers in the Netherlands are from two manufacturers, namely, Tomassen Duck-To (which refers to TDT, a subsidiary of the Company) and VSE

Figure 7-10: Capacity of Meat Duck Production in Europe (Excluded Duck for Foie Gras)



Source: Company Information

Duck meat market in Europe has developed in terms of value-added products from retail to ready-made meal. The main customers in the past have been duck wholesaler descendants from Asia (such as the entrepreneurs of retail supermarket sales, Chinese groceries or Chinese restaurants). These have become less important and the duck meat market began to be replaced by retailers and food service providers. This is due to changes in retail customers' behavior where consumers tend to buy duck meat from retailers and demand a higher consumption of ready-made meal made from ducks.

The different characteristics of duck are distinctively popular in Europe. For example, headless roasted duck is very popular in the markets of the Netherlands, Germany, France, Spain and Belgium, while duck with uncut heads have gained popularity with Chinese customers who are operating in Chinese restaurants. Duck drumsticks and thighs are popular in Portugal, while the liver has been popular among the French. As a result, the production of duck meat and duck parts is varied by different customers in each country and the manufacturers of duck meat need to adapt to a more diverse group of clients by developing new products at lower costs. Thus, the use of technology in manufacturing duck meat and other products has helped a great deal in reducing costs.

Due to the increase in duck meat sold to retail consumers, the development of a duck brand has been deemed necessary in order to make the product more competitive. This is done in the pattern of the brand manufacturers of duck meat or brand retailers (private labels) as well as through distribution to many more countries in Europe in order to reach more target groups.

During the economic slowdown in the EU, consumers have become more sensitive to price. This allows the export of cooked processed duck meat from China to hit the EU market since the products from China are much cheaper than duck meat in European markets. However, the Federal Trade of the EU has expressed the opinion that the export of cooked processed duck meat from China has involved dumping behavior. Therefore, measures for duck meat import quotas have been enforced in order to protect the duck meat industry and farmers in the EU. As a result, this makes duck meat from China subject to more import taxes and eventually higher prices. Unfortunately, these quotas have no expiration date. Thus, the major duck meat manufacturers in Europe will further benefit greatly from these quotas.

However, when the EU economy recovers, consumers will have more purchasing power and it is expected that the price will rise. This will directly benefit processed duck meat in Europe.

16. EU poultry industry Overview

EU poultry industry has recently appeared to be in the downturn due to unfavorable economic conditions as well as changes in poultry farming regulations in the Netherlands. The local owners suffering from massive losses and going bankrupt have resulted in business disposal; with the figure nearly reached 100 farms. However, if a poultry farm is relatively big in size as well as being well maintained, its value is unlikely to be much deteriorated and the proceeds on sale could be higher than other poultry farms. (Source: Appraisal report by DTZ)