The opinion of the Independent Financial Advisor
on the acquisition of assets concerning the Purchase of 100%
of the total charter capital of METRO Cash & Carry Vietnam Limited

by

Berli Jucker Public Company Limited

Presented to

Shareholders of Berli Jucker Public Company Limited

Prepared by

Jaydee Partners Limited

15 September 2014

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of Berli Jucker Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Content

Glossary

The Company or BJC	Berli Jucker Public Company Limited
The Group	Berli Jucker Public Company Limited and its subsidiaries
METRO Vietnam	METRO Cash & Carry Vietnam Limited
METRO International Holding or Seller	METRO Cash & Carry International Holding B.V.
METRO Vietnam stores	Cash & carry and self-service wholesale outlets in Vietnam, operated by METRO Cash & Carry Vietnam Limited under the name "METRO".
Proposed Transaction	A transaction to acquire 100% of the total charter capital of Metro Cash & Carry Vietnam Limited from METRO Cash & Carry International Holding B.V. at an enterprise value of EUR 655 million (THB 28,370 million) on a debt-free and cash-free basis.
Sale and Purchase Agreement (SPA)	A sale and purchase agreement with regard to the acquisition of 100% of the total charter capital of Metro Cash & Carry Vietnam Limited from METRO Cash & Carry International Holding B.V. at an enterprise value of EUR 655 million (THB 28,370 million) on a debt-free and cash-free basis.
The Investment Certificate (IC)	The investment certificate no. 411013000980 dated 20 May 2013 (6th amendment) issued by Ho Chi Minh City People's Committee
The Amended IC	The new investment certificate, which would be amended from the investment certificate no. 411043000980 dated 20 May 2013 (6th amendment) issued by the Ho Chi Minh City People's Committee to reflect the transfer of METRO Cash & Carry International Holding B.V.'s interest in METRO Cash & Carry Vietnam Limited from METRO Cash & Carry International Holding B.V. to the Berli Jucker Public Company Limited and/or its subsidiaries.
Independent Financial Advisor or IFA	Jaydee Partners Limited
SET	The Stock Exchange of Thailand
SEC	The Securities and Exchange Commission
Notification of the Acquisition and Disposition	Notification of Capital Market Supervisory Board TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and 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 Disposition of Asset, 2004 (as amended).

15 September 2014

To: The Shareholders
Berli Jucker Public Company Limited

Re: Independent Financial Advisor Report on the Acquisition of Assets by Berli Jucker Public Company Limited

With reference to the resolution of the Board of Directors of Berli Jucker Public Company Limited ("the Company" or "BJC") No.6/2014 dated 7 August 2014, the Board of Directors has approved the Company to propose to the shareholders to approve the acquisition of 100% of the total charter capital of Metro Cash & Carry Vietnam Limited ("METRO Vietnam") from METRO Cash & Carry International Holding B.V. ("METRO Cash & Carry International Holding" or "the Seller") at the enterprise value of EUR 655 million (around THB 28,370 million[1]) on a debt-free and cash-free basis (the "Proposed Transaction") and approve the signing of the Sale and Purchase Agreement ("SPA") relating to the Proposed Transaction.

In addition, the Board of Directors, the President, and/or any person authorized by the Board of Directors and/or the President are authorized to do the following:- (1) to execute the applications and evidence necessary for and relevant to the acquisition of the total charter capital of METRO Vietnam, as well as to contact and seek for the permission, request for waiver, of such documentation and evidence to the government agencies or agencies relating to the acquisition of the total charter capital of METRO Vietnam; and (2) to undertake any action necessary for and relevant to the acquisition of the total charter capital of METRO Vietnam.

Subsequently, the Company's Board of Directors Meeting No.8/2014 dated 19 August 2014, approved to add a wholly owned subsidiary of the Company to be an additional purchaser for the transaction pertaining to the acquisition of 100% of the total charter capital of METRO Vietnam. In this regard, the addition of a wholly owned subsidiary of the Company to be an additional purchaser as previously mentioned will be subject to the approval of the Seller. The Company's Board of Directors has also approved the allocation of up to 360,434,444 newly issued ordinary shares with the par value of THB 1.00 per share to the existing shareholders of the Company on a pro rata basis to their shareholding ("Rights Offering"), in the ratio of 2 new shares for 9 original shares (whereby any fraction of the newly issued ordinary shares below 0.5 shall be rounded down), at the offering price of THB 45.00 per share. In this case, TCC Holding Company Limited ("TCC Holding"), a major shareholder of the Company[2], has undertaken to subscribe and pay in full for their pro-rata allotted shares of this Rights Offering.

In the case where there are shares unsubscribed from the first round allocation, the Company will re-allocate those unsubscribed shares to the shareholders who wish to over-subscribe the shares exceeding their rights in proportion to their shareholding, until all shares are fully subscribed or until none of the shareholders wishes to over-subscribe for those unsubscribed shares. In this case, TCC Holding has expressed their intention to over-subscribe the shares exceeding its right in proportion to its shareholding.

In this regard, the oversubscription of TCC Holding as mentioned above will be subject to the condition that such oversubscription will not cause TCC Holding to have a duty to make a tender offer for all of the Company's securities pursuant to the Securities and Exchange Act B.E. 2535 (as amended) and the notification of the Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for Acquisition of Securities for Business Takeover.

In addition, as per the resolutions of the Board of Directors Meeting No. 8/2014, the Company will allocate the remaining shares from the allocation to the shareholders according to the Rights Offering to specific persons under the

[1] EUR figures converted to THB at the Bank of Thailand EUR-THB selling rate of 43.3 on 6 August 2014.
[2] As of 9 May 2014, TCC Holding owned 1,173,284,220 shares or 73.77% of the Company's total number of shares issued and offered.

private placement scheme, as defined in Clause 24 of the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Ordinary Shares (as amended) who shall not be the connected persons of the Company. The resolutions of the Board of Directors Meeting also authorized the Board of Directors to determine the offering price of such newly issued ordinary shares to be not lower than the offering price to the Company's existing shareholders (Rights Offering at THB 45.00 per share). In respect of the determination of the offering price for specific persons under the private placement scheme, such price shall not be lower than 90% of the market price.[3]

The transaction as mentioned above is the acquisition of the business of another company under Section 107 of the Public Company Limited Act B.E. 2535 (as amended) and is considered as asset acquisition transaction according to the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and 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 Disposition of Asset, B.E. 2547 dated 29 October 2004 ("Notification of the Acquisition and Disposition"). The Proposed Transaction size of 64.00% of the Company's total assets (THB 44,359 million) is the highest value calculated according to Total Value of Consideration based on the Company's financial statements ended 31 March 2014. When including other acquisition transactions executed by the Company within the preceding 6 months, the calculation of the total transaction size for these other transactions accounts for 0.74%[4], and altogether equivalent to 64.74% of the Company's total assets when including the Proposed Transaction, which is within the threshold of 50.00% to 100.00%. The transaction thus is regarded as a Class 1 Asset Acquisition Transaction under the Notification of the Acquisition and Disposition. The Company is therefore required to disclose the transaction to the Stock Exchange of Thailand ("SET") and to convene a shareholders' meeting to obtain approval for the Proposed Transaction, which must be passed with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and eligible to vote without counting interested persons. In addition, the Company is required to appoint an Independent Financial Advisor to provide an opinion concerning the entering into of such asset acquisition transaction.

According to the Board of Directors Meeting No. 6/2014 dated 7 August 2014, the Board of Directors has approved the appointment of JayDee Partners Limited ("independent financial advisor" or "the IFA"), as financial advisor approved by the Office of the Securities and Exchange Commission ("the SEC") and JayDee Partners Limited does not have any relationship with the Company, and is authorized to be an independent financial advisor of the Company to provide an opinion to shareholders as supporting information for their voting consideration with respect to the Proposed Transaction.

This IFA report was prepared based on the information gathered from interviews with the Company's management, documents provided by the Company, publicly available information as well as the IFA's assessment of current economic conditions. <u>Any significant changes to this information in the future may alter the IFA's opinion on the transaction accordingly.</u> Information and documents used in preparing this report included but are not limited to the following:

- The Resolutions of the Company's Board of Director's Meetings relating to the Proposed Transaction
- Information Memorandum on the Acquisition of Assets prepared by the Company
- The Company's Information disclosure (Form 56-1) and Annual Report as of FY 2013

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[3] The Market Price means the weighted average of the Company's ordinary shares trading on the SET for 15 consecutive business days before the date when the Board of Directors' Meeting passed the resolution to propose the offering of the newly issued shares by the Company to the Extraordinary General Meeting of Shareholders No.1/2014 for its approval. These business days were between 25 July 2014 to 18 August 2014, during which, the market price is equivalent to THB 56.26 per share.

[4] The acquisition of all other assets of the Company in the past six months include: (1) Information System Project, at the value of THB 110.61 million, equivalent to the transaction size of 0.25%; (2) the new subsidiary establishment, BJC Investment Company Limited, at the value of THB 200.00 million, equivalent to the transaction size of 0.45%; (3) the newly established joint venture company , BJC & CF (Thailand) Company Limited, at the value of THB 15.30 million equivalent to the transaction size of 0.034%; and (4) the capital increase in BJC Mahe Medical Company Limited, at value of THB 3.75 million equivalent to the transaction size of 0.008%

- The Company's audited financial statements as of 31 December 2011 - 2013 and reviewed financial statements for the 6-month period ended 30 June 2014
- METRO Vietnam's audited financial statements for the year ended 31 December 2011 - 2012 and financial statements for the 9-month period ended 30 September 2013
- Agreements related to the Proposed Transaction
- Information from interviews with the Company's managements

In addition, the IFA's opinion was based on the following assumptions:-
- All information and documents provided by the Company and the interviews with management were valid and true. The opinion obtained was credible and close to the current situation.
- No past events or imminent events or impending events would create significant negative impacts on the Company's and METRO Vietnam's operating performance.
- All business contracts related to the Company and METRO Vietnam were legal and binding. There would not be any amendments, revocation nor cancellation of the laws related to the Proposed Transaction.

The IFA has prepared this report on 7 August 2014 and hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the shareholders. However, it is important to note that the IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to be held responsible for any adverse impacts on the Company and its shareholders resulting from the transaction. In addition, the objective of this report is merely to provide an opinion on the transaction to the Company's shareholders only. Notwithstanding, the decision to vote is the sole discretion of the shareholders, which shall include the consideration of advantages, disadvantages, and risk associated with the transaction as well as consideration of the attached documents submitted to the shareholders along with the invitation letter so as to make the most appropriate decision. In this regard, the opinion of the IFA does not certify the success of the Proposed Transaction as well as the possible impacts to the Company and/or to the Company's shareholders. The IFA does not hold any responsibilities for the impacts that might arise from such transaction both directly and indirectly.

The IFA has considered the reasonableness of the transactions in detail described below:

Executive Summary

On 7 August 2014, the Company's Board of Directors' Meeting No. 6/2014 approved the Company to enter into the acquisition of 100% of the total charter capital of METRO Vietnam, the operator of cash & carry and self-service wholesale stores under the trade name "METRO" in Vietnam from METRO International Holding at the enterprise value of EUR 655 million (around THB 28,370 million) on a cash-free and debt-free basis, inclusive of approximately EUR 47 million (THB 2,007 million) of rent which has been pre-paid for the following 7 to 37 years. The objective of this transaction is for the Company to fully achieve a scale entry into the modern grocery market in Vietnam in which the Company expects strong growth in the future. Upon completing the Proposed Transaction, the Company will immediately become the 2nd largest modern trade operator in Vietnam by virtue of METRO Vietnam's 22.2% share of the total modern grocery market. Additionally, the Group will have broader coverage of distribution channels in Vietnam including both retail and wholesale channels. Also, the expanded supply chain infrastructure of the Group (post-transaction) may result in business synergies within the Company's existing operations in Vietnam, whereby the METRO Vietnam network may provide additional channels to market for the Group's existing products and services as well as providing overall cost saving opportunities through increased scale. This will allow an increase in profit generating capability of the Group and will consequently strengthen the Company's competitiveness and ensure a good business standpoint for the commencement of the ASEAN Economic Community (the "AEC") in 2015.

The Board of Directors' Meeting No. 8/2014 held on 19 August 2014 has approved to add a wholly owned subsidiary of the Company to be a potential purchaser for the Proposed Transaction, which is, however, subject to the approval of the

Seller. Also, the Board of Directors approved the allocation of up to 360,434,444 newly issued ordinary shares with the par value of Baht 1.00 per share to the existing shareholders of the Company on a pro rata basis to their shareholding, with the ratio of 2.00 new shares for 9.00 existing shares, at the offering price of THB 45.00 per share. The remaining shares from the allocation to the shareholders according to the Rights Offering shall be allocated to specific persons under the private placement scheme, whereby these specific persons will not be a related party of the Company. The Company may use the proceeds from this new share subscription to finance the purchase of METRO Vietnam together with borrowings from the financial institutions. The Company is currently considering whether the purchasing entity for this transaction will be the Company itself or its wholly owned subsidiary. This is to ensure consistency with the Group's business structure as well as future operating policy.

The transaction as mentioned above is the acquisition of the business of another company under Section 107 of the Public Company Limited Act B.E. 2535 (as amended) and is considered as an asset acquisition transaction according to Notification of the Acquisition and Disposition. The Proposed Transaction size of 64.00% of the Company's total assets (THB 44,359 million) is the highest value calculated according to Total Value of Consideration based on the Company's financial statements ended 31 March 2014. When including other acquisition transactions executed by the Company within the preceding 6 months, the calculation of the total transaction size for these other transactions accounts for 0.74%, and altogether equivalent to 64.74% of the Company's total assets when including the Proposed Transaction, which is within the threshold of 50.00% to 100.00%. The transaction thus is regarded as a Class 1 Asset Acquisition Transaction under the Notification of the Acquisition and Disposition. The Company is therefore required to disclose the transaction to the SET and to convene a shareholders' meeting to obtain approval for the Proposed Transaction, which must be passed with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and eligible to vote without counting interested persons.

Based on our analysis in relation to the appropriateness of the transaction including the fairness of the acquisition price and conditions of the transaction, the IFA views that this asset acquisition transaction by the Company **is appropriate** due to the following reasons:

1. The Proposed Transaction represents an investment in a scale modern trade business in Vietnam that will allow the Company to make a rapid entry into the market and earn return on investment earlier compared to making its own investment in an entirely new platform. METRO Vietnam, at present, is the second largest operator of modern grocery outlets in Vietnam in terms of its market share and is well-known among consumers. In addition, the assets of METRO Vietnam including but not limited to its branches located in central economic districts and populated urban areas, its unique customer database as well as its information technology system to support customer relationship management, and its integrated supply chain infrastructure are key contributors to its success. Hence, with these quality assets under the management of the Company, coupled with plans to improve the performance of METRO Vietnam by focusing on operational efficiency, the Company could thus have an opportunity to benefit from the Proposed Transaction and earn potential return from this investment.

2. The Proposed Transaction will enlarge the Company's investment in modern trade businesses in Vietnam, where growth of the economy and modern grocery market is expected to increase. Currently, the penetration rate of modern grocery outlets within the overall grocery retail market in Vietnam is still low compared to the average of other countries in ASEAN, thus, the modern grocery market in Vietnam is expected to grow significantly in the future. As a result, the enlarged investment of the Company in Vietnam could generate a new source of income as well as returns on investment to the Company.

3. An investment in METRO Vietnam could generate potential synergies with the Group's existing business. For example, the Company will have more channels to market for its existing consumer products, allowing those products to better reach the overall Vietnamese consumers as well as the target customers of METRO Vietnam; improving revenue and profit generating capability of the Group. Also, the efficiency of the overall logistics management of the Group in Vietnam is expected to be improved through the sharing of logistics facilities, and potential cost of goods sold and other costs savings may arise from the creation of a larger, scale player.

4. Upon the completion of the Proposed Transaction, the Group will have an integrated and more complete supply chain in Vietnam, ranging from upstream activities as a manufacturer, midstream activities as a distributor and

downstream activities as both retailer and wholesaler. This is one of the Company's strategies to lower its operational costs as well as enhance its opportunities to capture increased margin across the value chain. This will also increase the Group's competitiveness in the future, especially towards the commencement of the AEC in 2015.

5. This investment in modern trade through the acquisition of a wholesale operator in Vietnam will allow the Group to diversify its business portfolio, both in terms of investment location and type of the business activity. This could help mitigate any risks or any negative impacts that may occur in relation to the main businesses of the Group, should they not perform in-line with future plans. In addition, this investment will support the Group's mission of being "the leader in manufacturing and distribution of daily use consumer products in the ASEAN region".

6. The transaction price in the amount of EUR 655.00 million (THB 28,370 million) paid by the Company is appropriate based on the range of fair value of THB 29,163 – 33,234 million for METRO Vietnam evaluated by the IFA using the Discounted Cash Flow Approach (details of the fair valuation are shown in Part 2, item 2.3.1 of this report).

7. The pre-closing conditions as well as the conditions stipulated in the SPA (details are shown in the Summary of the SPA in Part 2, item 2.1.2 of this report) are the terms and/or conditions that will help protect the Company in obtaining the asset in the same condition as was agreed by both parties prior to closing. Also, these terms and/or conditions will help ensure that the Company can promptly operate METRO Vietnam upon its acquisition. The pre-closing conditions and other conditions stipulated in the SPA include but are not limited to the completion of the amendment of Investment Certificate; the obtaining of confirmation from the relevant authorities in Vietnam that there are no competition issues in relation to the acquisition; the rights of the Company in obtaining certain services from METRO AG for a certain period of time in return for the payment of fixed service fees, which also include the fees paid for the use of METRO's brand (the Company plans to transition METRO's brand to its own brand within 12 – 18 months post-closing so that it would have enough time to study the market and prepare itself) and the use of IT systems; and the agreement that the Seller will not operate any competing business with METRO Vietnam for a period of 30 months after closing. All of these conditions will help mitigate various risks that might occur to the Company and allow the Company to benefit from this investment as planned.

Hence, the shareholders should **approve** the entering into of this transaction. However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the Proposed Transaction which are as follows:

1. The Company may encounter the risk of not earning the planned return on its investment from its acquisition of METRO Vietnam or the potential impairment of such investment in the case the performance of METRO Vietnam could not be improved as expected, which could arise from factors such as:
   - The operational improvement plan of METRO Vietnam by the Company's management cannot be executed as planned (which includes the implementation of marketing strategies to increase sales, adjustment of product mix and improved control and management of cost and expenses), and/ or the expected synergies with the Group's existing business do not result in the overall improvement of the Group's performance.
   - The unexpected slowdown of the Vietnamese economy and/or slowdown in the growth of modern trade, and the impact of certain restrictions imposed on foreign operators of modern trade businesses in Vietnam such as regulations that require foreign operators to file for a permit at the state level and municipal level every time they plan to open a new branch or store. The approval will be granted based on the result of an economic needs test.
   - Higher competition in Vietnam's modern grocery market coming from the expansion plan of Saigon Co-op into the wholesale channel, which is considered a direct competitor of METRO Vietnam as well as the expansion plans of other indirect competitors to open new branches of hypermarkets and supermarkets. Nonetheless, according to post-closing conditions as per the SPA, the Seller and all members of the Seller Group have agreed not to carry on or be engaged in any competing business (defined as any wholesale and cash & carry business) or any food retail business in Vietnam for 30 months. Additionally, the IFA views that in the case the Seller would like to re-enter those businesses in Vietnam, the Seller will be required to proceed according to the regulation in obtaining an investment license from the relevant authorities all over again, which maybe unlikely to occur.

In the event that the performance of METRO Vietnam cannot be improved as mentioned above, its cash flows from operations as well as cash flows to be received by the Company will be impacted accordingly. Thus, the Company's capability in debt repayment and dividend payment could also be affected. This may happen in the case where management cannot turn around the performance of METRO Vietnam to its target level.

2. Upon completion of the Proposed Transaction, the Company's consolidated performance might be negatively impacted due to the following factors:
   - The consolidation of operating losses of METRO Vietnam in the Company's group financial statements in the event that the Company is unable to improve METRO Vietnam's performance going forward.
   - Increase in financial costs from debt financing to partially fund the Proposed Transaction. In the event that the shareholders fully subscribe to the newly issued shares of the Company (the Company will receive a gross amount of THB 16,219.55 million before deducting any related expenses, representing 57.17% of the total transaction size), the Company will then require approximately THB 12,150.45 million of debt financing to fund the remaining portion of the Proposed Transaction. As a result, the interest bearing debt of the Company post-transaction will increase to THB 30,068.18 million, or equal to an interest bearing debt to equity ratio of 0.88 times (considering only the financial position of the Company as of 30 June 2014 without taking into account future performance afterwards). However, in the event that the capital increase is not fully subscribed, the Company may incur higher level of debts as well as interest expenses. TCC Holding has expressed their intention to over-subscribe the shares exceeding its right in proportion to its shareholding. In this regard, the oversubscription of TCC Holding will be subject to the condition that such oversubscription will not cause TCC Holding to have a duty to make a tender offer for all of the Company's securities.
   - Impact from the recognition of goodwill in the Company's group financial statements in the case the acquisition price of METRO Vietnam is higher than the fair value of METRO Vietnam's net assets as of the closing date. Additionally, upon completion of the Proposed Transaction, in the event that the Group is unable to improve METRO Vietnam's performance, the Company may be required to re-evaluate the recorded amount of goodwill, which may impact the Company's financial statements in the future. In this regard, the Company will arrange for the evaluation of METRO Vietnam's fair value of net assets upon the completion of the Proposed Transaction (adjusted to be presented on a cash-free, debt-free basis), to be compared with the transaction price of EUR 655 million or THB 28,370 million (based on the exchange rate from the Bank of Thailand as of August 6, 2014 at THB 43.3 to EUR 1). Meanwhile, the asset value of METRO Vietnam based on its latest audited financial statements as of September 30, 2013 was VND 6,476,166.87 million or THB 9,856.07 million (based on the exchange rate as of August 6, 2014 from Bloomberg at VND 657.07 to THB 1). In the case where a significant amount of goodwill is recorded, it might affect the calculation of transaction size pertaining to any acquisition and/or connected transactions of the Company in the future (if any). Nonetheless, the Company's proposed capital increase via a Rights Offering to partially fund the Proposed Transaction is expected to raise the Company's net tangible assets accordingly. Additionally, in the case where the Company enters into any acquisitions and/or connected transactions in the future, it will comply with all relevant regulations.

3. The Company's capital increase to fund this investment in METRO Vietnam would result in a 3.64% price dilution and 18.18% earnings dilution[5] to existing shareholders, who do not exercise their rights to subscribe to the newly issued shares (details of this calculation are shown in Part 2, item 2.2.2 of this report).

Finally, the Company is exposed to other risks, such as foreign exchange risk as the purchase price is denominated in Euro currency (however appropriate strategies will be put in place to effectively manage this risk), and the risk of incurring expenses relating to the Proposed Transaction when pre-closing conditions may not be fulfilled and the Company may be unable to enter into the Proposed Transaction. These costs could include due diligence fees, legal advisor fees, bank guarantee fees and financial advisor fees.

[5] Earnings dilution would reduce to approximately 10% if assuming that the Company increased its capital during the second half of 2015, and hence the earnings dilution calculation is based on a weighted average number of shares across the entire year.

Part 1 Berli Jucker Public Company Limited – Company Information

1.1 History of the Company

In 1882 Albert Jucker and Henry Sigg established a company in Thailand under the name Jucker and Sigg & Co. Originally, the BJC business was involved in being a trade representative for French, British, and Italian companies as well as other foreign insurance companies and banks. The Company was also engaged in rice milling and import and export activities. The Company was then changed into a majority owned Thai Limited Company under the name "Berli Jucker Co. Ltd". The key historic milestones and events related to the Company's investment in Vietnam are as follows:

2001	:	A Change in the Company's shareholder structure. Nakorncheun Company Limited, a subsidiary of Thai Charoen Corporation Group or TCC Group owned 83.50% of the total issued and offered shares after completion of a tender offer.
2008	:	The Company acquired an entire stake in Jacy Foods Snd Bhd, a Malaysian manufacturer and distributor of potato chips and extruded snacks both in its domestic market and other Asian countries, including Singapore, Hong Kong, Philippines and Brunei.
2010	:	▪ The Company entered into a joint venture with Owen-Illinois, one of the world largest glass manufacturers. The joint venture propelled Thai Glass Industries to become the largest glass manufacturer in Southeast Asia with a production capacity of up to 3,300 tons per day.
2011	:	▪ Thai Corp International (Vietnam) Company Limited (the Company's subsidiary of indirect subsidiary) obtained an investment certificate to operate a business as an importer, exporter, and distributor of consumer products and other goods all over Vietnam.
2012	:	▪ TBC-Ball Beverage Can Vietnam Limited, a manufacturer of aluminum cans and containers, started to operate. The firm is a joint venture between Thai Beverage Can Company Limited (the Company's 50%-owned direct subsidiary) and Ball Corporation, one of the world's leading aluminum can manufacturers. ▪ BJC launched its own skincare products under the brand "Premedica", which a manufacturing outsource to Korea.
2013	:	▪ BJC invested in 75.00% of the charter capital of Ichiban Company Limited, a manufacturer and distributor of tofu/bean curd and related products in Vietnam. ▪ BJC acquired a 65.00% stake in Thai An Vietnam Joint Stock Company ("Thai An"), a distributor, importer, exporter, wholesaler and retailer of consumer products in northern Vietnam. ▪ BJC provided financial support to Phu Thai Group Joint Stock Company ("Phu Thai"), the Company's subsidiary in acquiring the charter capital from the existing owner of a convenience store business in Vietnam. The support also included preliminary working capital for business expansion. At the end of 2013, Phu Thai's portfolio included more than 60 convenience stores under "B's mart" trade name. ▪ BJC established its first health and beauty store under owned brand "Ogenki". Ogenki's main products comprise food supplements, vitamins, and other related beauty products. At the end of 2013, BJC owned 8 Ogenki stores in total. ▪ BJC entered into a joint venture agreement with a business alliance to invest and operate as a business consultant for wholesale and retail of consumer products through BJC-Mpoint International Company Limited. This joint investment would enhance BJC's business expansion as well as broaden sales and distribution channels of consumer goods in Thailand, Laos, and in other Southeast Asian countries. At the end of 2013, there were 17 "MPoint" convenient stores.

As of 1 September 2014, BJC's registered capital was THB 1,668,125,000, of which 1,668,125,000 shares were ordinary shares at THB 1.00 per share. The Company's paid-up capital was THB 1,592,173,800, of which 1,592,173,800 shares were ordinary shares at THB 1.00 per share. In addition, as of 30 June 2014, the Company has the following debentures:

1.) Berli Jucker Public Company Limited No. 1/2010 Due 2015

Bond type	:	Name registered, Unsubordinated, and Unsecured debentures without Debentures Holder's Representative

JayDee Partners

Distribution	:	Private Placement to not more than 10 investors within limited period of 4 months.
Issue term	:	5 years from the issue date of the bond
Issue size (THB)	:	THB 1,900,000,000
Issue size (unit)	:	1,900,000 units
Initial par	:	THB 1,000
Current par	:	THB 1,000
Issue date	:	14 July 2010
Maturity date	:	9 July 2015
Interest Rate	:	Fixed 3.45% through its tenor
Interest Payment	:	Every 6 month period through its tenor
Outstanding size	:	THB 1,900,000,000

2.) Berli Jucker Public Company Limited No.1/2011 Series 2 Due 2016

Bond type	:	Name registered, Unsubordinated, and Unsecured debentures with Debentures Holder's Representative.
Distribution	:	Institutional investors, Major investors and/or Public investors
Issue size	:	Not more than 1,000,000 units (THB 1,000,000,000)
Initial par	:	THB 1,000
Current par	:	THB 1,000
Issue term	:	5 years from the issue date
Issue date	:	31 May 2011
Maturity date	:	31 May 2016
Interest Rate	:	Fixed 3.98% p.a.
Repayment	:	Repayment in full on the Maturity Date
Interest Payment	:	Every 6 month on 31 May and 30 November of each year. First interest date payment is on 30 November 2011
Residual value	:	THB 1,000,000,000
Redemption	:	Redemption of the bond will be transacted on the Maturity Date. Principle and Interest of the last period will be paid in full to the bondholder.
Bond buyback	:	Issuer has the right to buy back its debenture from the secondary market any time, any place. The issuer must report the buy back to the bond registrar as soon as possible since this results in the termination of the said debentures and thereby the decrease in the company's liabilities.
Rating		A+ / TRIS (on 13 August 2014)

3) Subsidiary Debentures

Issue size (THB)	:	THB 91,500,000
Issue term	:	3 years from the issue date
Issue date		November 2011
Maturity date		November 2014
Interest Rate	:	Fixed 11.4625% p.a.
Interest Payment	:	Every 6 month period

As of 30 June 2014, legal entities of which the Company owns at least 10.00% shares are as follows:

Table 1 Legal Entities the Company Owns At Least 10.00% of the Shares (as of 30 June 2014)

Company	Ownership Interest (%)	Registered Capital	Paid-up Capital	Type of Business
Direct Subsidiaries				
Montana Company Limited	100.00	0.50 Mil. THB	0.50 Mil. THB	Distribution of pharmaceutical products, medical equipment and supplies
Berli Jucker Foods Company Limited	100.00	320.00 Mil. THB	320.00 Mil. THB	Manufacturer of snack foods
Rubia Investments Limited (Incorporated in British Virgin Islands)	100.00	30.00 Mil. THB	30.00 Mil. THB	Investment
Berli Jucker Logistics Company Limited	100.00	50.00 Mil. THB	50.00 Mil. THB	Customs clearing, warehousing, transportation and distribution services
Thai Glass Technology Company Limited	100.00	100.00 Mil. THB	100.00 Mil. THB	Seminar and training center
BJC Healthcare Company Limited	100.00	200.00 Mil. THB	200.00 Mil. THB	Distribution of pharmaceutical products, medical equipment and supplies
BJC Industrial and Trading Company Limited	100.00	250.00 Mil. THB	250.00 Mil. THB	Sale of imaging products, stationery and construction supplies
Thai Flourspar & Minerals Company Limited	100.00	2.00 Mil. THB	2.00 Mil. THB	Dormant
BJC Logistics and Warehouse Company Limited	100.00	1,611.00 Mil. THB	1,611.00 Mil. THB	Investment
Berli Jucker (Myanmar) Limited (Incorporated in Myanmar)	100.00	1.00 Mil. THB	0.62 Mil. THB	Dormant
BJC International Company Limited (Incorporated in Hong Kong)	100.00	650.00 Mil. HKD	1.12 Mil. HKD	Distribution
Rubia Industries Limited	99.85	70.00 Mil. THB	70.00 Mil. THB	Manufacturer of soap, cosmetics and confectionary
Berli Jucker Specialties Limited	99.15	63.79 Mil. THB	63.79 Mil. THB	Sale of chemicals
Thai Glass Industries Public Co., Ltd	98.59	1,170.00 Mil. THB	1,170.00 Mil. THB	Manufacturer of glass containers
Berli Jucker Cellox Limited	94.84	900.00 Mil. THB	900.00 Mil. THB	Manufacturer of tissue products
TCC Technology Company Limited	51.00	180.00 Mil. THB	180.00 Mil. THB	Rendering of information technology services
Thai Beverage Can Limited	50.00*	1,500.00 Mil. THB	1,500.00 Mil. THB	Manufacturer of aluminum cans
BJC Packaging Company Limited	100.00	2,055.00 Mil. THB	2,055.00 Mil. THB	Investment
BJC Commerce Company Limited	100.00	1.00 Mil. THB	0.25 Mil. THB	Retail
BJH Investment Company Limited	100.00	200.00 Mil. THB	50.00 Mil. THB	Investment
Indirect Subsidiaries				
BJC Foods (Malaysia) Sdn Bhd (Incorporated in Malaysia)	100.00	12.00 Mil.Malaysian Ringgit	12.00 il.Malaysian Ringgit	Manufacturer of snack foods

Company	Ownership Interest (%)	Registered Capital	Paid-up Capital	Type of Business
Cosma Medical Company Limited	100.00	5.00 Mil. THB	1.33 Mil. THB	Distributor of pharmaceutical products, medical equipment and supplies
BJC International (Vietnam) Limited (Incorporated in Vietnam)	100.00	14.00 Mil. USD	14.00 Mil. USD	Distribution
BJC Glass Company Limited (Incorporated in Hong Kong)	100.00	10.00 Mil. HKD	8.31 Mil. HKD	Investment, trading, import and export
Thai-Scandic Steel Company Limited	100.00	586.00 Mil. THB	586.00 Mil. THB	Manufacturer of galvanized steel structures
Marble & Stones Company Limited	100.00	99.80 Mil. THB	99.80 Mil. THB	Dormant
Thai Corp International Company Limited (Incorporated in Hong Kong)	75.00	50.00 Mil. HKD	41.00 Mil. THB	Investment
TBC-Ball Beverage Can Holding Limited (Incorporated in Hong Kong)	26.79*	60.00 Mil. USD	60.00 Mil. USD	Investment
Thai Malaya Glass Company Limited	100.00	2,270.00 Mil. THB	2,270.00 Mil. THB	Manufacturer of glass containers
Asia Books Company Limited	100.00	301.72 Mil. THB	301.72 Mil. THB	Retailer of books and magazines
BJC Ogenki Limited	100.00	142.10 Mil. THB	142.10 Mil. THB	Retail
BJIMK Company Limited (Incorporated in Hong Kong)	75.00	10.00 Mil. HKD	10.00 Mil. HKD	Distribution
BJC Danone Dairy Company Limited	51.00	735.20 Mil. THB	735.20 Mil. THB	Manufacturer and distributor of fresh yogurt and milk products
Ichiban Company Limited (Incorporated in Vietnam)	75.00	30,000.00 Mil. VND	30,000.00 Mil. VND	Manufacturer of soybean products
Thai An Vietnam Joint Stock Company (Incorporated in Vietnam)	65.00	600,000.00 Mil. VND	600,000.00 Mil. VND	Investment
BJC-Mpoint International Company Limited	51.00	260.00 Mil. THB	260.00 Mil. THB	Wholesaler and retailer
BJC Mahe Medical Company Limited	100.00	20.00 Mil. THB	15.00 Mil. THB	Sale of medical products
BJC International (Myanmar) Company Limited (Incorporated in Myanmar)	100.00	50,000.00 USD	50,000.00 USD	Consulting services in product analysis and data collection
BJC & CF (Thailand) Company Limited	51.00	30.00 Mil. THB	15.00 Mil. THB	Manufacturer and seller of healthcare products
Subsidiaries of Indirect Subsidiaries				
BJC Glass Vietnam Limited	100.00	15.82 USD	15.82 USD	Manufacturer of glass containers
Thai Corp International (Vietnam) Company Limited (Incorporated in Vietnam)	75.00	5,400.00 Mil. VND	5,400.00 Mil. VND	Distribution
TBC-Ball Beverage Can Vietnam Limited (Incorporated in Vietnam)	26.79*	390,000.00 Mil. VND	390,000.00 Mil. VND	Manufacturer of aluminum cans
Gold Medallion Limited	100.00	1.00 Mil. THB	1.00 Mil. THB	Dormant
Distri-Thai Limited	100.00	11.00 Mil. THB	11.00 Mil. THB	Retailer of books and magazines

Company	Ownership Interest (%)	Registered Capital	Paid-up Capital	Type of Business
Phu Thai Group Joint Stock Co. (Incorporated in Vietnam)	64.55	366,265.34 Mil. VND	366,265.34 Mil. VND	Sale of consumer products
Phu Thai Telecommunication Joint Stock Co. (Incorporated in Vietnam)	64.49	50,000.00 Mil. VND	50,000.00 Mil. VND	Sale of consumer products
Phu Thai Construction and Investment Joint Stock Co. (Incorporated in Vietnam)	64.49	10,000.00 Mil. VND	10,000.00 Mil. VND	Sale of construction materials
Phu Thai Hanoi Trading Joint Stock Co. (Registered in Vietnam)	64.49	19,000.00 Mil. VND	19,000.00 Mil. VND	Sale of consumer products
Phu Thai Can Tho Distribution Joint Stock Co. (Incorporated in Vietnam)	64.49	15,000.00 Mil. VND	15,000.00 Mil. VND	Sale of consumer products
Phu Thai Food Vietnam Company Limited (Incorporated in Vietnam)	64.55	87,300.00 Mil. VND	87,300.00 Mil. VND	Sale of consumer products
Phu Thai Food Central Vietnam One Member Company Limited (Incorporated in Vietnam)	64.55	5,000.00 Mil. VND	5,000.00 Mil. VND	Sale of consumer products
Phu Thai Food North Company Limited (Incorporated in Vietnam)	64.55	60,000.00 Mil. VND	60,000.00 Mil. VND	Sale of consumer products
PT Food Distribution Joint Stock Co. (Incorporated in Vietnam)	51.61	10,000.00 Mil. VND	10,000.00 Mil. VND	Sale of consumer products
Van Phu Export Import Trading Manufacturing Company Limited (Incorporated in Vietnam)	64.55	1,900.00 Mil. VND	1,900.00 Mil. VND	Warehouse
Thai An Vietnam Trading Company Limited (Incorporated in Vietnam)	64.55	123,240.00 Mil. VND	123,240.00 Mil. VND	Retail
Phu Thai Food Distribution Joint Stock Co. (Incorporated in Vietnam)	64.55	9,000.00 Mil. VND	9,000.00 Mil. VND	Sale of consumer products
BJC-Mpoint (Hong Kong) Company Limited (Incorporated in Hong Kong)	51.00	4.30 Mil. USD	4.30 Mil. USD	Consultant service in management of franchise and trade
BJC-MPM (Lao) Sole Company Limited (Incorporated in Laos)	51.00	25,506.00 Mil. Kip	25,506.00 Mil. Kip	Consultant service in trade and investment
Subsidiaries' Joint Ventures				
BJC O-I Glass Pte. Limited (Incorporated in Singapore)	50.00**	245.83 Mil. USD	245.83 Mil. USD	Investment
Direct Subsidiary of Jointly-controlled Entity of the Subsidiary				
Malaya Glass Products Sdn Bhd (Incorporated in Malaysia)	50.00**	100.00 Mil. Malaysian Ringgit	55.17 Mil. Malaysian Ringgit	Manufacturer of glass containers
Indirect Subsidiary of Jointly-controlled Entity of the Subsidiary				
Malaya-Vietnam Glass Limited (Incorporated in Vietnam)	35.00**	322,209.16 Mil. VND	322,209.16 Mil. VND	Manufacturer of glass containers
Associates				
BJC Marine Resources Development Company Limited	50.00	100.00 Mil. THB	94.40 Mil. THB	Dormant

Company	Ownership Interest (%)	Registered Capital	Paid-up Capital	Type of Business
Berli Asiatic Soda Company Limited	50.00	40.00 Mil. THB	40.00 Mil. THB	Import and distribution of soda ash
Berli Dynaplast Company Limited	49.00	303.93 Mil. THB	303.93 Mil. THB	Manufacturer of rigid plastic Containers
Gaew Grung Thai Company Limited	25.00	320.00 Mil. THB	320.00 Mil. THB	Trading cullets, glass bottle, plastics and used supplies

Note * The Company has the authority to govern the financial and operating policies of the subsidiaries.
** The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses.

Source: The Company's Financial Statements for the Six Months Period Ended 30 June 2014 and the Company's 2013 Annual Report

1.2 Overall Business Operations

The Company and the subsidiaries ("the Group") specialize in manufacturing, marketing, sales and distribution as well as the provision of other services. The four major business groups are as follows:

1) <u>Packaging Supply Chain</u>

The three types of businesses in this group include:

1.1) Glass Container Packaging Business operated by the Company and its subsidiaries as follows:

- Packaging Product Division: The Packaging Product Division is responsible for marketing and distribution of the glass packaging manufactured by Thai Glass Industries Public Company Limited and Thai Malaya Glass Company Limited, the Company's subsidiaries.
- Thai Glass Industries Public Company Limited: Thai Glass Industries Public Company Limited manufactures and sells glass containers to the Packaging Product Division, which markets and distributes the products to large industries both domestically and internationally.
- Thai Malaya Glass Company Limited: Thai Malaya Glass Company Limited manufactures and distributes glass containers to large industries both domestically and internationally.
- BJC Glass Company Limited: BJC Glass Company Limited was established for the purpose of investing in legal entities overseas, manufacturing, marketing, and distributing glass containers and other related products.
- BJC O-I Glass Pte. Limited: BJC O-I Glass Pte. Limited was established for the purpose of investing in legal entities overseas, manufacturing, marketing, and distributing glass containers and other related products.
- Malaya Glass Products Sdn Bhd: Malaya Glass Products Sdn Bhd manufactures and distributes glass containers to large industries both domestically and internationally.
- Malaya-Vietnam Glass Limited: Malaya-Vietnam Glass Limited manufactures and distributes glass containers to large industries both domestically and internationally.
- Thai Glass Technology Company Limited: Thai Glass Technology Company Limited trains, develops, and prepares workers for glass container packaging businesses in Thailand. The institute provides training and develops knowledge in relation to glass container production and technology as well as organizing seminars and training to enhance personnel technical skills pertaining to glass container packaging and general management.

All glass bottle containers manufactured by the Company's subsidiaries, including those for beer, liquor, wine, soda, soft drinks, energy drinks, pharmaceutical and food products, are marketed to large industry groups both domestic and internationally, such as Myanmar, Laos, Philippines, Malaysia, Vietnam, Cambodia, Indonesia, Australia, India, China and etc.

1.2) <u>Aluminum Cans Packaging Business</u> includes the following subsidiaries:

▪ Thai Beverage Can Company Limited	Thai Beverage Can Company Limited manufactures and distributes aluminum beverage cans. Each can is made of two parts i.e. the can body and the can end (or lid). Can printing per customer's instructions are part of the service.
▪ TBC-Ball Beverage Can Holding Limited	TBC-Ball Beverage Can Holding Limited was established for the purpose of investing in legal entities in other countries, manufacturing, marketing and distributing aluminum cans and containers.
▪ TBC-Ball Beverage Can Vietnam Limited	TCB-Ball Beverage Can Vietnam Limited is a manufacturer and distributor of aluminum beverage cans.

1.3) <u>Plastic Container Packaging Business</u> is operated by Berli Dynaplast Company Limited, a manufacturer, distributor and developer of plastic molds and plastic bottles, boxes and lids. Services include trademark printing, sticker applying and label printing on plastic containers for various kinds of products. For example, these products could include cosmetic and toiletries, dairy and food, lubricating oil, and etc.

2) <u>Consumer Supply Chain</u>

The business operation of BJC Consumer Supply Chain covers the whole value chain - manufacturing, marketing and distributing the Company's own products and customers' products. Products are marketed in the domestic and Southeast Asian country markets. The Consumer Supply Chain business comprises seven subgroups as follows:

2.1) <u>Food Group</u> is operated by the Food Products Division of the Company, handling marketing and distribution for the Company's food businesses both domestically and overseas. The Division provides total solution service on marketing and advertising and also distributes products for third parties.

2.2) <u>Non-food Group</u> is operated by the Company as follows:

▪ Personal Care & Household Products Division	The Personal Care & Household Products Division collaborates to develop, market, and distribute personal care and household products for local and international markets. The Division also provides marketing, advertising, and devises distribution plans for its own companies and other suppliers.
▪ Stationery and Office Supplies Division	The Stationery and Office Supplies Division is responsible for distribution, sales, and marketing of stationery products imported and produced locally for third party brands, such as 3M, Scotch.
▪ Consumer Electronics Products Division	Markets and distributes consumer electronics products, including mobile phones, tablet computers, notebook computers, and household and office appliances, for various brands, such as Samsung, Apple, Electroluxe, LG, Sony, Dell, Toshiba, Panasonic.

2.3) <u>Manufacturing</u> is operated by the Company's subsidiaries as follows:

▪ Berli Jucker Foods Co., Ltd.	Berli Jucker Foods Co., Ltd. is a manufacturer, importer, and distributor of snack products and chocolate drinks. For example, "Tasto", "Party", "Campus", "Bitee", "Dozo" and etc.
▪ BJC Foods (Malaysia) Sdn Bhd	BJC Foods (Malaysia) Sdn Bhd manufactures and distributes snack products, such as potato chips and fried seaweed under "Wise", "Tasto", and "Dozo" brands. The Company also manufactures products for "Calbee" and "Testo".
▪ Berli Jucker Cellox Limited	Berli Jucker Cellox Limited manufactures various sanitary paper products under the company's own brand, such as Cellox, Zilk, Belle, and Maxmo. Products are distributed to modern trade groups in the country and overseas.
▪ Rubia Industries Limited	Rubia Industries Limited manufactures the company's branded products, such as "Nok Kaew" soap and "Berli Pops" cosmetics. It also

	manufactures personal care, toiletry, cosmetics and confectionery products for third party brands.

2.4) **<u>Logistics Business</u>** operated by Berli Jucker Logistics Co., Ltd, provides complete supply chain and logistics services to the Company's subsidiaries and outside customers. The Logistic Business consists of three subgroups as follows:

- Warehouse and Inventory Management: Services include merchandise receiving and checking, storing and/or sorting of products (by category, type, and expiration date), disbursement of goods, and cash on delivery. These services are provided per customer's preferences and criteria.
- Transportation and Distribution Services: Services covers distribution of various products, carrier management and route selection using own fleet and approved carriers as well as coordination with outside carriers.
- Customs Brokerage Services: With Custom Brokerage Service License No. 208, the company offers a total solution for customs clearance services. These cover both import and export by air, sea, and land freight, freight cost management, supply chain management, and other related services, such as duty refund under BIS 19, and etc.

2.5) **<u>Thai Corp International Group</u>**

▪ Thai Corp International Company Limited ▪ Thai Corp International (Vietnam) Company Limited	Thai Corp International is a certified importer, exporter, and distributor of all consumer products in Vietnam. Its network spans the entire 64 provinces in Vietnam, covering more than 1,800 wholesalers and 50,000 retailers.
▪ Ichiban Company Limited	Ichiban manufactures and distributes tofu products under the Ichiban brand.

2.6) **<u>Thai An Group</u>** is one of the major distributors of consumer products, durable goods and construction materials in Vietnam, covering more than 20 provinces. Thai An Trading provides technical assistance and sourcing service to B's mart, a locally owned CVS stores.

2.7) **<u>BJC Danone Dairy Co., Ltd.</u>** is a manufacturer and distributor of yoghurt and cultured drinking yoghurt under the "Activia" brand.

3) Healthcare Technical Supply Chain

3.1) **<u>Healthcare Supply Chain</u>** operated by the Company and its subsidiaries are as follows:

▪ Pharmaceutical Division and Cosma Medical Company Limited	The Pharmaceutical Division and Cosma Medical Company Limited are in the healthcare business involving distribution of pharmaceutical products from well-known suppliers worldwide. For example, products could include medicines, wellness products, and condoms.
▪ Medical Division	The Medical Division imports and distributes medical equipment and supplies from well- recognized manufacturers in the U.S., Europe, and Asia. The Division comprises four main businesses: (1) Diagnostic medical equipment, (2) Surgical products and equipment, (3) Medical Innovation and Informatic Products, and (4) Rehabilitation products and resuscitation equipment.
▪ Business Development Division	The Business Development Division seeks joint venture and investment opportunities with local and overseas partners in the upstream and downstream healthcare industry. The Division is responsible for marketing products and services of the Pharmaceutical and Medical Divisions to customers and hospitals through leasing programs as well as providing consultation services on investment in high-cost medical equipment and operations. In addition, the Division looks for cooperation with partners in concessions or investment promotion in neighboring countries.

3.2) Technical Supply Chain is operated by the Company and its subsidiaries as follows:

▪ Specialties Division	The Specialties Division specializes in imported high-quality ingredients and additives for foods and beverages, cosmetics, and industrial chemicals from prominent manufacturers worldwide.
▪ Industrial and Trading Division	(1) Engineering Department - provides design, installation, consultation, and after-sale services for imported products, equipment, and various engineering systems, such as conveyor system, warehouse systems and equipment, and industrial machineries. (2) Industrial Manufacturing Department – markets and distributes imported printing equipment and machines, such as digital printing presses, print management software, printing paper, and carbon ribbon, from leading producers worldwide.
▪ Thai-Scandic Steel Company Limited	Thai-Scandic Steel Company Limited is a designer and manufacturer of galvanized steel structures for high voltage transmission towers in telecommunications and other industries both domestically and abroad.
▪ Berli Asiatic Soda Company Limited	A distributor of industrial chemicals, Berli Asiatic Soda's main product is sodium carbonate or soda ash. The company imports soda ash from producers abroad, and stores and distributes to customers throughout Thailand.

4) Others Business Group

4.1) International Business is operated by the Company's subsidiaries as follows:

▪ BJC International Company Limited	Established for the purpose of investing in legal entities overseas, handling import and export activities, and manufacturing and distributing.
▪ BJC International (Vietnam) Limited	Manufactures and distributes sanitary napkin products in Vietnam and overseas.
▪ BJC International (Myanmar) Company Limited	Established to support and promote overseas businesses of BJC Group in Myanmar as well as to provide business consultation.

4.2) Retail Business operated by the Company and its subsidiaries are as follows:

▪ Asia Books Company Limited	Asia Books Company Limited offers a large range of books in English and other languages as well as stationary and products that promote creativity and encourage learning in kids. The company also co-publishes and co-distributes books for local and international publishers. In addition, Asia Books is the sole importer and distributor of foreign magazines in Thailand.
▪ BJC Ogenki Company Limited	BJC Ogenki Company operates a Japanese style beauty & health retail business called "OGENKI". Products include vitamins, supplements, skincare and cosmetic.

4.3) Other Business is operated by TCC Technology Company Limited, a service provider of commercial data centers (primary and secondary sites). TCC Technology has expanded its data center services to cover the Southeast Asian region by collaborating with leading service providers, which include CMC Telecom (Vietnam), The AIMS Asia Group (Malaysia), and 1-Net Singapore (Singapore).

The following table exhibits the revenue structure of the Company and its subsidiaries for the year 2011-2013 and for the six-month period ended 30 June 2014.

Table 2 Revenue Structure of the Company and Its Subsidiaries for the Year 2011-2013 and for the Six-month Period ended 30 June 2014

Revenue	% of Shareholding Investment	2011 (adjusted)		2012 (adjusted)		2013		Jan. – Jun. 2014	
		Mil. THB	%	Mil. THB	%	Mil. THB	%	Mil. THB	%
Packaging Supply Chain									
Berli Jucker Public Company Limited	Holding Company	7,229	23.14	6,228	16.64	6,019	14.24	2,424	11.35
Thai Glass Industries Public Company Limited	98.59%	7,246	23.20	7,516	20.08	7,060	16.72	3,324	15.56
Thai Malaya Glass Company Limited	100.00%	1,804	5.78	3,611	9.65	3,987	9.44	2,519	11.79
Thai Beverage Can Company Limited	50.00%	4,462	14.29	5,182	13.84	5,167	12.24	2,703	12.65
TBC-Ball Beverage Can Holding Limited (Hongkong)	26.79%	4	0.01	639	1.71	738	1.75	337	1.58
TBC-Ball Beverage Can Vietnam Limited	26.79%	-	-	729	1.95	1,654	3.92	843	3.95
Malaya-Vietnam Glass Limited	35.00%	396	1.27	389	1.04	569	1.35	239	1.12
Malaya Glass Products Sdn Bhd	50.00%	1,013	3.24	1,062	2.84	1,014	2.40	534	2.50
BJC International (Vietnam) Limited	100.00%	288	0.92	352	0.94	28	0.07	30	0.14
BJC International Company Limited	100.00%	30	0.09	8	0.02	9	0.02	26	0.12
Thai Glass Technology Company Limited	100.00%	-	-	-	-	-	-	11	0.05
		22,472	**71.94**	**25,716**	**68.71**	**26,245**	**62.15**	**12,990**	**60.81**
Less BJC Intra-firm Trade		(7,850)	(25.13)	(8,851)	(23.65)	(8,497)	(20.12)	(4,093)	(19.16)
		14,622	**46.81**	**16,865**	**45.06**	**17,748**	**42.03**	**8,897**	**41.65**
Consumer Supply Chain									
Berli Jucker Public Company Limited	Holding Company	7,406	23.72	9,408	25.13	10,075	23.86	4,948	23.16
Berli Jucker Foods Company Limited	100.00%	2,087	6.68	2,501	6.68	2,620	6.20	1,226	5.74
BJC Foods (Malaysia) Sdn Bhd	100.00%	245	0.78	345	0.92	384	0.91	191	0.89
Berli Jucker Cellox Limited	94.84%	2,374	7.60	2,375	6.35	2,591	6.13	1,232	5.77
Rubia Industries Limited	99.85%	1,631	5.22	1,899	5.08	1,841	4.36	926	4.34
Berli Jucker Logistics Company Limited	100.00%	544	1.74	641	1.71	708	1.68	368	1.72
Thai Corp International (Vietnam) Company Limited	75.00%	929	2.98	822	2.20	1,114	2.64	577	2.70
BJC Danone Dairy Company Limited	51.00%	-	-	273	0.73	651	1.54	266	1.24
BJC International (Vietnam) Limited	100.00%	-	-	39	0.10	32	0.08	14	0.07
Ichiban Company Limited	75.00%	-	-	-	-	80	0.19	44	0.21

Revenue	% of Shareholding Investment	2011 (adjusted)		2012 (adjusted)		2013		Jan. – Jun. 2014	
		Mil. THB	%	Mil. THB	%	Mil. THB	%	Mil. THB	%
Thai An Group	65.00%	-	-	-	-	2,609	6.18	1,641	7.68
		15,216	**48.72**	**18,303**	**48.90**	**22,705**	**53.77**	**11,433**	**53.52**
Less BJC Intra-firm Trade		(5,515)	(17.66)	(6,369)	(17.02)	(7,130)	(16.89)	(3,335)	(15.61)
		9,701	**31.06**	**11,934**	**31.88**	**15,575**	**36.88**	**8,098**	**37.91**
Healthcare & Technical Supply Chain									
Berli Jucker Public Company Limited	Holding Company	4,976	15.93	5,842	15.61	5,857	13.87	2,288	10.71
BJC Healthcare Company Limited	100.00%	28	0.09	25	0.07	677	1.60	580	2.72
Montana Company Limited	100.00%	10	0.03	20	0.05	48	0.11	26	0.12
Cosma Medical Company Limited	100.00%	553	1.77	668	1.78	646	1.53	337	1.58
Thai-Scandic Steel Company Limited	100.00%	477	1.53	515	1.38	509	1.21	839	3.93
BJC Industrial and Trading Company Limited	100.00%	11	0.04	4	0.01	10	0.02	-	-
Berli Jucker Specialties Company Limited	99.15%	323	1.03	229	0.61	135	0.32	95	0.44
BJC International Company Limited (Hong Kong)	100.00%	58	0.19	102	0.27	80	0.19	53	0.25
BJC International (Vietnam) Limited	100.00%	20	0.06	40	0.11	41	0.10	24	0.11
		6,456	**20.67**	**7,445**	**19.89**	**8,003**	**18.95**	**4,242**	**19.86**
Less BJC Intra-firm Trade		(396)	(1.27)	(292)	(0.78)	(688)	(1.63)	(480)	(2.25)
		6,060	**19.40**	**7,153**	**19.11**	**7,315**	**17.32**	**3,762**	**17.61**
Other Business									
Berli Jucker Public Company Limited	Holding Company	108	0.34	83	0.23	51	0.12	29	0.14
BJC International (Vietnam) Limited	100.00%	11	0.04	-	-	-	-	-	-
Asia Books Company Limited	100.00%	480	1.54	1,041	2.78	994	2.35	463	2.17
Distri-Thai Limited	100.00%	-	-	4	0.01	7	0.02	-	-
BJC Ogenki Limited	100.00%	-	-	-	-	8	0.02	26	0.12
TCC Technology Company Limited	51.00%	548	1.75	633	1.69	667	1.58	282	1.32
BJC-Mpoint (Hong Kong) Company Limited	51.00%	-	-	-	-	28	0.07	-	-
BJC-MPM (Lao) Sole Company Limited	51.00%	-	-	-	-	13	0.03	60	0.28
		1,147	**3.67**	**1,761**	**4.71**	**1,802**	**4.27**	**1,020**	**4.78**
Less BJC Intra-firm Trade		(3)	(0.01)	(124)	(0.33)	(77)	(0.18)	(23)	(0.11)
		1,144	**3.66**	**1,637**	**4.38**	**1,725**	**4.09**	**997**	**4.67**
Total		**31,527**	**100.93**	**37,589**	**100.43**	**42,363**	**100.32**	**21,754**	**101.84**
Less BJC Intra-firm Trade		(292)	(0.93)	(160)	(0.43)	(137)	(0.32)	(392)	(1.84)
TOTAL Group		**31,235**	**100.00**	**37,429**	**100.00**	**42,226**	**100.00**	**21,362**	**100.00**

Source: The Company

1.3 Major Shareholders

A list of the Company's major shareholders as of 3 September 2014 is as follows:

Table 3 Top 10 Major Shareholders as of 3 September 2014

	Shareholders	Number of Shares	% of Total Shares
1.	TCC Holding Company Limited*	1,173,284,220	73.691
2.	DBS BANK A/C DBS NOMINEES-PB Clients	85,363,100	5.361
3.	Bualuang Long-Term Equity Funds	39,407,800	2.475
4.	Bualuang Long-Term Equity Funds 75/25	32,686,000	2.053
5.	Bualuang Flexible RMF	15,950,600	1.002
6.	Social Securities Office (2 ports)	14,385,900	0.904
7.	Electricity Generating Authority of Thailand Registered Provident Fund	10,487,600	0.659
8.	Bualuang Top Ten Open-end Fund	8,939,900	0.561
9.	Thai NVDR Company Limited	8,398,186	0.527
10.	Bualuang Equity RMF	8,159,400	0.512

Note * The above shareholders have significant influence on the company's management policy or operation. TCC Holding Company is an investment company whose shareholders comprise 1) TCC Group International Limited, holding 489,906,880 shares (48.99%); 2) Mr. Charoen Sirivadhanabhakdi, holding 254,951,450 shares (25.50%); and 3) Khunying Wanna Sirivadhanabhakdi, holding 254,574,750 shares (25.46%).
Source: The Company and www.set.or.th

1.4 Board of Directors

The following table lists the Board of Directors as of 3 September 2014.

Table 4 Board of Directors as of 3 September 2014

	Name	Position
1	Mr. Charoen Sirivadhanabhakdi	Chairman/ Chairman of Executive Board
2	Khunying Wanna Sirivadhanabhakdi	Vice Chairman
3	Mr. Aswin Techajareonvikul	Director/ President
4	Mr. Thirasakdi Nathikanchanalab	Director
5	Mr. Chaiyut Pilun-Owad	Director
6	Mr. Sithichai Chaikriangkrai	Director
7	Mr. Thapana Sirivadhanabhakdi	Director
8	Mrs. Thapanee Techajareonvikul	Director
9	Mr. Panot Sirivadhanabhakdi	Director
10	Mr. Prasert Maekwatana	Director
11	Ms. Potjanee Thanavaranit	Independent Director
12	Mr. Prasit Kovilailool	Independent Director/ Chairman of Audit Committee
13	Mr. Weerawong Chitmittrapap	Independent Director/ Audit Committee Member
14	Mr. Suvit Maesincee	Independent Director/ Audit Committee Member
15	Police General Krisna Polananta	Independent Director/ Audit Committee Member

Source: The Company

Duly authorized directors, who jointly sign and affix the company's seal, can be any two directors from the Board of Directors, except Mr. Prasit Kovilaikool, Mr. Weerawong Chittmittrapap, Mr. Suvit Maesincee, Ms. Potjanee Thanavaranit, and Police General Krisna Polananta.

The following table shows a list of the Management Board as of 3 September 2014.

Table 5 Management Board as of 1 August 2014

	Name	Position
1	Mr. Aswin Techajareonvikul	Chief Executive Officer and President
2	Mrs. Thapanee Techajareonvikul	Senior Executive Vice President
3	Mr. Pattapong Iamsuro	Executive Vice President Packaging Supply Chain
4	Mr. Terapon Kietsuranon	Executive Vice President Healthcare Supply Chain
5	Mrs. Vipada Duangratana	Executive Vice President Consumer Supply Chain
6	Mr. Manus Manoonchai	Senior Vice President – International Business Division
7	Ms. Sureerat Silpsakulsuk	Senior Vice President – Accounting Group
8	Mr. Teera Werathamsathit	Senior Vice President –Group Human Resources

Source: The Company

1.5 Summary of Financial Statements and Operating performance

The following table provides a summary of financial information in accordance with the Company's financial statements, audited and/or reviewed by Deloitte Touche Tohmatsu Jaiyos Company Limited, for the years ended 31 December 2011 – 2013 and for the 6-month period ended 30 June 2014.

Table 6 Summary of Financial Statements and Operating Performance for the Fiscal Year 2011-2013 and the 6 Months Ended 30 June 2014

Berli Jucker Public Company Limited	Consolidated			
Balance Sheet (unit : THB million)	**2011 (Restated)**	**2012**	**2013**	**30 Jun. 14**
Current assets				
Cash and cash equivalents	1,827.87	2,015.45	1,779.97	1,898.84
Trade and other receivables	7,126.05	7,997.70	8,999.87	9,173.50
Inventories	5,124.17	6,863.84	8,443.29	7,662.17
Other current assets	232.07	94.84	91.76	152.37
Total current assets	**14,310.16**	**16,971.84**	**19,314.89**	**18,886.88**
Non-current assets				
Investment in associates	416.46	432.38	467.21	467.52
Leasehold	536.32	597.39	545.50	522.08
Investment properties	95.50	100.27	106.56	104.76
Property, plant and equipment	14,142.50	16,583.07	18,606.79	19,494.92
Goodwill	1,744.68	1,744.68	3,270.82	3,261.27
Other intangible assets	1,192.82	1,186.90	1,398.86	1,362.80
Deferred tax assets	428.16	494.92	579.05	583.30
Other non-current assets	132.88	148.69	212.99	235.59
Total non-current assets	**18,689.32**	**21,288.30**	**25,187.77**	**26,032.25**
Total assets	**32,999.47**	**38,260.14**	**44,502.66**	**44,919.13**
Current liabilities				
Short-term loans from financial institutions	2,630.71	4,065.34	3,861.46	6,639.49
Trade and other payables	5,615.07	7,052.14	8,406.35	7,453.39
Current portion of long-term loans	567.22	762.17	696.38	557.54
Current portion of debentures	-	-	1,597.21	91.50
Income tax payables	310.96	291.53	229.80	190.59
Other current liabilities	27.14	55.48	43.79	45.57
Total current liabilities	**9,151.11**	**12,226.65**	**14,834.99**	**14,978.09**
Non-current liabilities				
Long-term loans from financial institutions	3,517.53	3,947.57	7,622.46	7,730.77
Debentures	4,394.57	4,396.26	2,898.11	2,898.44
Deferred tax liabilities	677.60	647.49	675.83	667.46
Employee benefit obligations	617.66	636.24	640.80	597.56

Berli Jucker Public Company Limited	Consolidated			
Balance Sheet (unit : THB million)	**2011 (Restated)**	**2012**	**2013**	**30 Jun. 14**
Other non-current liabilities	110.78	122.11	131.53	131.80
Total non-current liabilities	**9,318.14**	**9,749.67**	**11,968.75**	**12,026.02**
Total Liabilities	**18,469.24**	**21,976.31**	**26,803.74**	**27,004.10**
Shareholders' equity				
Issued and paid-up share capital	1,588.13	1,588.13	1,590.44	1,590.59
Share subscription received in advance	-	-	-	11.37
Share premium	3,275.66	3,275.66	3,216.56	3,222.78
Warrant	-	54.12	115.44	157.06
Retained earnings	7,672.82	8,864.80	9,765.18	9,950.82
Other components of shareholders' equity	6.80	(54.77)	72.23	9.78
Total shareholders' equity attributable to owners of the Company	12,543.40	13,727.93	14,759.86	14,942.40
Non-controlling interests	1,986.83	2,555.89	2,939.06	2,972.63
Total shareholders' equity	**14,530.23**	**16,283.82**	**17,698.92**	**17,915.03**
Total liabilities and shareholders' equity	**32,999.47**	**38,260.14**	**44,502.66**	**44,919.13**

Berli Jucker Public Company Limited	Consolidated			
Income Statement (unit: THB)	**2011 (Restated)**	**2012**	**2013**	**Jan.–Jun. 14**
Revenues from sales of goods and rendering of services	31,234.51	37,429.06	42,226.37	21,361.78
Other income	473.87	625.45	613.05	336.87
Total revenues	**31,708.39**	**38,054.50**	**42,839.42**	**21,698.64**
Cost of sales of goods and rendering of services	23,519.28	28,401.96	32,131.33	16,499.33
Selling and administrative expenses	4,819.55	6,115.74	7,016.59	3,757.12
Financial costs	366.04	502.88	575.18	301.83
Total expenses	**28,704.88**	**35,020.58**	**39,723.10**	**20,558.28**
Shares of profits from investments in associates	45.66	65.98	64.93	39.62
Profit before income tax expenses	**3,049.17**	**3,099.90**	**3,181.25**	**1,179.98**
Income tax expenses	671.75	604.61	566.58	243.32
Profit for the periods	**2,377.42**	**2,495.28**	**2,614.67**	**936.66**

Berli Jucker Public Company Limited	Consolidated			
Statement of Cash Flow (unit : THB million)	**2011 (Restated)**	**2012**	**2013**	**Jan.–Jun. 14**
Net cash provided by operating activities	3,183.58	3,658.90	4,088.06	1,892.29
Net cash used in investing activities	(3,906.04)	(3,891.93)	(5,046.89)	(2,069.03)
Net cash provided by financing activities	1,392.96	505.38	651.37	326.66
Net increase (decrease) in cash and cash equivalents	**670.50**	**272.35**	**(307.46)**	**149.93**

Berli Jucker Public Company Limited	Consolidated			
Financial Ratios	**2011 (Restated)**	**2012**	**2013**	**Jan.–Jun. 14**
Liquidity Ratio				
Current ratio (times)	1.56	1.39	1.30	1.26
Quick ratio (times)	1.00	0.83	0.73	0.75
Account receivable turnover (times)	5.33	5.67	5.79	5.53
Average collection period (days)	67.50	63.45	62.20	65.08
Inventory turnover (times)	4.90	4.74	4.20	4.10
Day sales inventory (days)	73.40	75.98	85.75	87.85
Account payable turnover (times)	7.10	7.15	6.73	7.37
Average payment period (days)	50.67	50.38	53.52	48.86
Cash cycle (days)	90.22	89.05	94.43	104.07

Berli Jucker Public Company Limited	Consolidated			
Financial Ratios	**2011 (Restated)**	**2012**	**2013**	**Jan.–Jun. 14**
Profitability Ratio				
Gross profit margin (%)	24.70%	24.12%	23.91%	22.76%
Operating profit margin (%)	9.27%	7.78%	7.29%	5.17%
Net profit margin (%)	6.85%	6.45%	5.75%	3.95%
Return on equity (%)	17.86%	18.38%	17.03%	11.37%
Efficiency Ratio				
Return on assets (%)	6.48%	6.31%	5.45%	3.76%
Return on fixed assets (%)	27.83%	25.47%	23.74%	19.28%
Asset turnover (times)	1.04	1.07	1.04	0.97
Financial Policy Ratio				
Debt to equity ratio (times)	1.27	1.35	1.51	1.51
Interest coverage ratio (times)	6.85	5.80	5.22	3.80
Dividend payout ratio (%)	54.18%	55.24%	55.07%	65.95%

Explanation and Assessment of Financial Statements and Overall Operating performance

Operating performance

Sales revenue

In 2011-2013, the Company's revenues totaled THB 31,708.39 million, THB 38,054.50 million, and THB 42,839.42 million, respectively. Of these, revenues from sales and rendering services accounted for THB 31,234.51 million, THB 37,429.06 million and THB 42,226.37 million in each year, growing at 19.83% in 2012 and 12.82% in 2013. The Company's revenue came from manufacturing, distribution, and services from its three business groups: Packaging Supply Chain, Consumer Supply Chain, and Healthcare and Technical Supply Chain. Sales increases across all supply chains contributed considerably to the Company's sales in 2012 and 2013. Consumer Supply Chain, in particular, recorded an increase of 18.71% in 2011 and 33.91% in 2012.

For the first 6 months of 2014, the Company had total revenues of THB 21,698.64 million. Of this, THB 21,361.78 million was from sales and rendering services, which increased by THB 526.34 million or 2.53% compared with the same period last year. The sales increase was attributed to all supply chains except Packaging Supply Chain, in which Glass Packing business sales dropped.

Cost of sales and expenses

In 2011-2013, cost of sales of goods and rendering services was THB 23,519.28 million, THB 28,401.96 million, and THB 32,131.33 million, respectively. These accounted for 75.30%, 75.88%, and 76.09% of the revenues from sales of goods and rendering of services in each year. These relatively stable ratios were the result of efficient cost control.

Selling and administrative expenses for 2011-2013 were THB 4,819.55 million, THB 6,115.74 million, and THB 7,016.59 million, respectively. As a percentage of revenue from sales and rendering of services, they were 15.43%, 16.34% and 16.62%, respectively. Expenses increased by THB 1,296.19 million in 2012 and THB 900.85 million in 2013 or 26.89% and 14.73%, respectively, from each of the previous years. Increases in advertising and sales promotional activities of goods and services in Consumer Supply Chain mainly contributed to the rise of selling and administrative expenses in 2012, particularly those of Danone Dairy Co., Ltd. products and cosmetic products.

For the first 6-month period ended 2014, the Company's cost of sales of goods and rendering services was THB16,499.33 million or 77.24% of its revenues from sales and rendering of services. This was an increase of THB 804.14 million or 5.12% from the same period in 2013. Selling and administrative expenses in the first 6 months of 2014 accounted for THB 3,757.12 million, an increase of THB 339.79 million or 9.94% compared with the same period in 2013. The growth was due to a rise in advertisings expenses, in particular, to boost sales of products in the Consumer Supply Chain.

Profits
In 2011-2013, the Company's net profit was THB 2,377.42 million, THB 2,495.28 million, and THB 2,614.67 million respectively, growing at 4.96% in 2012 and 4.78% in 2013. Net profit accounted for 6.85%, 6.45% and 5.75% of total revenue each year. For the first 6 months of 2014, net profit decreased 35.66% to THB 936.66 million. The decrease of THB 519.23 million from the same period last year was due to an increase in cost of sales and rendering services in all supply chains along with that of selling and administrative expenses in both Packaging Supply Chain and Consumer Supply Chain. Net profit margin for the first 6 months of 2014 was 3.95%, decreasing from 6.23% for the same period last year.

Financial Statements
Assets
Total assets as of 31 December 2011-2013 amounted to THB 32,999.47 million, THB 38,260.14 million and THB 44,502.66 million, respectively. Current assets were THB 14,310.16 million in 2011, THB 16,971.84 million in 2012, and THB 19,314.89 million in 2013, accounting for 43.36%, 44.36% and 43.40% of the total assets in each year, respectively. During 2011-2013, most of the Company's current assets were account receivables and other receivables which contributed 49.80%, 47.12% and 46.60% of the total current assets, respectively. For each of the years, non-current assets were THB 18,689.32 million, THB 21,288.30 million, and THB 25,187.77 million, or 56.64%, 55.64%, and 56.60% of the total assets, respectively. Property, plant and equipment made up the majority of the total non-current assets in the three years with the amounts of THB 14,142.50 million in 2011, THB 16,583.07 million in 2012 and THB 18,606.79 million in 2013, or 75.67%, 77.90%, and 73.87% of the total non-current assets in each year. The THB 5,260.66 million or 15.94% increase in total assets in 2012 resulted mainly from an investment in property, plant and equipment (THB 2,440.57 million) and a buildup in inventory (THB 1,739.68 million). Total assets in 2013 increased 16.32% or THB 6,242.52 million due to an increase in property, plant and equipment and inventory. Firstly, property, plant and equipment increased THB 2,023.71 million from a business buyout in the amount of THB 216 million, as well as additional investment of THB 3,601 million for two major businesses: THB 2,665 million in the Packaging Supply Chain and THB 466 million in Consumer Supply Chain. Secondly, inventories increased THB 1,579.45 million from 2012; the majority attributed to Packaging Supply Chain.

As of June 30, 2014, the Company's total assets amounted to THB 44,919.13 million. Current assets comprised 42.05% or THB 18,886.88 million of total assets. Non-current assets accounted for 57.95% or THB 26,032.25 million. Total assets in this period rose THB 416.47 million or 0.94% from the 2013 year end mainly due to an increase in property, plant and equipment.

Liabilities
As of 31 December 2011-2013, the Company's liabilities totaled THB 18,469.24 million, THB 21,976.31, and THB 26,803.74 million, respectively. Current liabilities accounted for THB 9,151.11 million, THB 12,226.65 million, and THB 14,834.99 million or 49.55%, 55.64%, and 55.35% of total liabilities in each year. Non-current liabilities were THB 9,318.14 million, THB 9,749.67 million and THB 11,968.75 million or 50.45%, 44.36% and 44.65% of total liabilities in 2011-2013, respectively. The increase in total liabilities in 2012 of 18.99% or THB 3,507.07 million was mainly a result of an increase in short-term financing from financial institutions (THB 1,434.62 million) and trade and other payables (THB 1,437.06 million). In 2013, total liabilities increased THB 4,827.42 million, a 21.97% rise from the previous year. This was due to an increase in long-term borrowings from financial institutions and also an increase in trade and other payables of THB 3,674.90 million and THB 1,354.22 million, respectively.

As of June 30, 2014, the Company's total liabilities stood at THB 27,004.10 million. Current liabilities amounted to THB 14,978.09 million or 55.47% of total liabilities. Non-current liabilities were THB 12,026.02 million or 44.53% of total liabilities. The THB 200.37 million or 0.75% increase in total liabilities from the end of 2013 was due to the increase in short-term financing from financial institutions which amounted to THB 2,778.03 million.

Shareholders' Equity
Shareholder equity was THB 14,530.23 million, THB 16,283.82 million, THB 17,698.92 million, and THB 17,915.03 million as of 31 December 2011 – 2013 and as of 30 June 2014, respectively. These figures represent increases of THB 1,753.60 million in 2012 or 12.07% growth from 2011, THB 1,415.10 in 2013 or 8.69% growth from 2012, and THB 216.11 million in 2014 or 1.22% growth from 2013.

Liquidity

The Company's net cash flows provided from operating activities in 2011 – 2013 and the first 6 months of 2014 were THB 3,183.58 million, THB 3,658.90 million, THB 4,088.06 million and THB 1,892.29 million, respectively. Profit before tax was the greatest contributor to net cash flows from operating activities: THB 3,049.17 million in 2011, THB 3,099.90 million in 2012, THB 3,181.25 million in 2013, and 1,179.98 million in the first 6 months of 2014 whilst trade and other payables accounted for THB 376.74 million, THB 1,291.21 million, THB 1,099.95 million in 2011 – 2013, respectively. Net cash flows used in investing activities were THB 3,906.04 million, THB 3,891.93 million, THB 5,046.89 million, and THB 2,069.03 million in 2011 – 2013 and the first 6 months of 2014, respectively. The majority of this cash outflow represented purchases of land, buildings, and equipment: THB 2,606.63 million in 2011, THB 3,661.43 million in 2012, THB 3,656.04 million in 2013, and THB 2,091.53 million in the first 6 months of 2014. Net cash flows provided by financing activities were THB 1,392.96 million in 2011, THB 505.38 million in 2012, THB 651.37 million in 2013, and THB 326.66 million in the first 6 months of 2014, consisting mostly of cash received from short-term borrowings and long-term borrowings from financial institutions.

1.6 Industry Review

Currently, the Company's core business consists of Packaging Supply Chain, Consumer Supply Chain, Healthcare and Technical Supply Chain, and Other Business (International Business, Retail Business, and Information Technology Business). Thus, the growth of the domestic and ASEAN regions, which are the key target markets for the Company's main business groups, are factors affecting the growth of the Group, which manufactures and provides services from upstream to downstream as well as distributing consumer products. Details of the economies of the domestic and ASEAN regions are as follows:

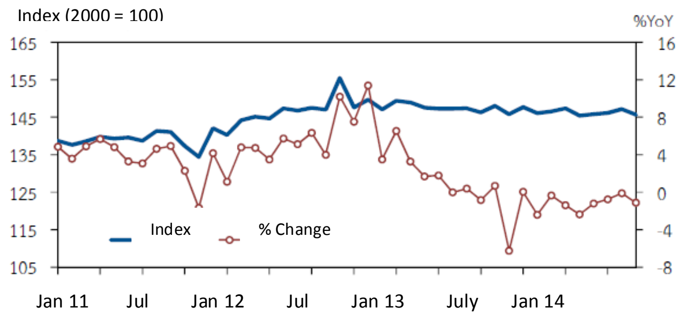
<u>Thailand Economic Overview in 2014</u>

Data from the Bank of Thailand indicated that the outlook for the Thai economy in the 2nd quarter of 2014 has improved from the 1st quarter. The political climate and government policy that became more certain helped boost household and business confidence and thereby led to an increase in domestic spending. Private consumption in the 2nd quarter of 2014, especially in nondurable goods (e.g., food and beverage and healthcare products), improved compared with that of the 1st quarter as consumer's concerns in relation to Thailand's political situation subsided. Spending on durable goods (e.g. automobiles, electrical goods, furniture), meanwhile started to stabilize.

Table 7 Private Consumption Index (2013 – Quarter 2/2014)

	2013	2013		014		
		H1	H2	H1P	Q1	Q2 P
PCI	147.4	148.0	149.1	146.3	146.2	146.3
%YoY	0.3	2.2	0.0	-1.2	-1.7	-0.7
%QoQ	-	-	-	-	-0.4	0.1

P = Preliminary Data
Source: Bank of Thailand



The overall trade situation in April and May 2014 continued to slow down however has improved from the previous quarter. The wholesale index in April and May 2014 decreased 11.7% and 2.5%, respectively, improving from the drop of 15.2% in the 1st quarter. Likewise, the retail index declined 7.2% in April and 8.4% in May but showed an improvement from the drop of 9.1% in the 1st quarter. The improved signs in the wholesale and retail indices were a result of rising sales in intermediate goods and non-durable goods, which belong to the necessity goods group, including food and beverages, pharmaceuticals and cosmetics. Increasing sales from department stores and supermarkets also contributed to this improved overall trade situation.

Table 8 Trade Index (2013 – May 2014)

	2013	Δ%	2014 Quarter 1	Δ%	April	Δ%	May[E]	Δ%
1. Wholesale Index (2002 = 100)	216.2	-2.2	198.2	-15.2	181.5	-11.7	202.6	-2.5
Non-durable goods	197.0	9.8	198.4	2.2	204.3	5.1	204.8	8.3
Durable goods	137.9	1.0	135.0	-1.1	125.9	-2.3	136.5	-1.0
Intermediate goods	161.6	2.2	160.3	-6.4	145.1	0.8	163.8	2.2
Others	338.6	-9.3	278.3	-29.0	238.6	-27.6	283.9	-10.5
2. Retail Index (2002 = 100)	219.9	-0.5	210.2	-9.1	195.4	-7.2	210.1	-8.4
Non-durable goods	196.6	4.6	203.9	3.6	202.6	6.9	208.5	4.5
Durable goods	176.7	-0.8	173.6	-3.2	156.7	-3.4	180.4	-1.1
Department stores and supermarkets	222.4	2.2	219.1	-1.3	226.1	1.0	224.4	1.7
Sale of motor vehicles and automotive fuel	248.2	-2.9	229.5	-15.7	208.1	-11.9	223.4	-15.7
Other retail	205.9	3.2	199.6	-3.7	186.1	-7.9	202.2	-4.1

Note Δ% = rate of change from the same period of the previous year; E = Estimates
Source: Bank of Thailand

Industrial production in the 2nd quarter of 2014 contracted 5% from the same period of the previous year, however it was a smaller drop compared with the 1st quarter as international demand improved following the world economy's recovery. In line with industrial production, exports in the 2nd quarter of 2014 also rose slightly. However, the improvement in exports was relatively slow as demand in the Asian region remained weak.

Table 9 Manufacturing Production Index (2013 - June 2014)

Industry	2013	2013 H1	2013 H2	2014 H1	2014 Quarter1	2014 Quarter2
Food products and beverages	-6.7	-2.1	-11.5	-4.1	-3.4	-4.8
Petroleums	-2.0	-10.6	7.2	-2.3	-6.7	2.5
Textiles	3.3	6.7	0.1	-1.8	-0.5	-3.1
Wearing apparel, dressing and dyeing of fur	-4.4	-10.9	2.6	2.7	8.0	-2.4
Hard Disk Drive	-7.5	-12.7	-1.8	-2.8	-7.8	2.3
IC & Semiconductor	-0.3	-1.3	0.6	8.5	5.8	11.2
Automobiles	1.4	28.1	-18.8	-27.6	-26.2	-29.3
Cements and construction materials	2.1	3.3	0.8	-3.6	-1.6	-5.6
Chemicals and chemical products	-0.9	-0.4	-1.5	1.8	2.2	1.3
Rubber and plastics products	2.4	2.4	2.5	4.1	4.0	4.2
Electrical machinery and apparatus	**-2.1**	3.4	-8.1	-4.1	-0.6	-7.4
Total	**-3.2**	**-1.0**	**-5.4**	**-6.1**	**-7.1**	**-5.0**

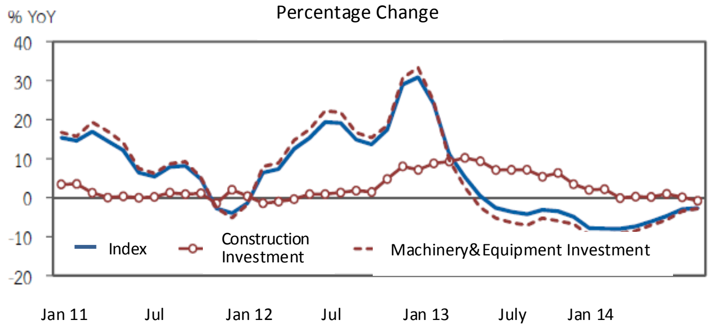
Source: Bank of Thailand

Private investment in the 2nd quarter of 2014 showed signs of slowing in electrical machinery and apparatus and the automobiles industry. Private investment in the construction sectors remained strong compared to the previous quarters. The unemployment rate in the 2nd quarter of 2014 stood at 1.0% of the total labor force. Inflation rose due to the increasing price of instant foods and increasing energy price. The current account recorded a surplus as a result of export improvement and import contraction. The capital account posted a deficit owing to outflows of direct investment and portfolio investment overseas by Thai investors.

Table 10 Private Investment Index (2013 – Quarter 2/2014)

	2013	2013		2014		
		H1	H2	H1^P	Q1	Q2^P
Index	238.9	241.9	235.9	231.2	230.9	231.4
%YoY	-2.6	0.7	-5.7	-4.4	-6.1	-2.7
%QoQ/ %MoM	-	-	-	-	-0.9	0.2

Note P = Preliminary Data
Source: Bank of Thailand



The tourism sector, and hotel and restaurant businesses were affected by political changes and curfews imposed, causing more foreign nations to announce travel advisory warnings for Thailand. In the 2nd quarter of 2014, the number of foreign tourists in Thailand, totaling 5.3 million, fell 12.3% compared to the same period last year as tourist arrivals from Asia, especially China, Malaysia, Japan and India decreased. Nationwide hotel occupancy rate in the 2nd quarter of 2014 dropped to 47.5% compared with 60.3% for the same period last year.

Table 11 Tourism Index (2013 - the 2nd Quarter of 2014)

	2013			2014			
	1st Half	2nd Half	Total	Q1	Q2	May	June
1.Number of tourist (in thousands)	13,072	13,475	26,547	6,458	5,319	1,737	1,559
Percentage change from the same period last year (%)	23.1	14.8	18.8	-7.8	-12.3	-10.7	-24.4
2. Occupancy rate (%)	66.3	63.6	64.9	60.3	47.5	46.4	40.8

Source: Bank of Thailand

The Fiscal Policy Office in July 2014 projected that the Thai economy in 2014 would expand 2% (+/- 0.5%), a downward revision from its 2.6% forecast in March. Thailand's political situation has led to a slower than expected growth in the 1st quarter of 2014. The prolonged political uncertainty caused a reduction in the level of consumer confidence and the business sector in general in the first half of the year. The second half of the year is expected to improve owing to the following factors, which will positively drive domestic demand and continued economic expansion: clearer political direction, implementation of measures to alleviate people's hardship, investment promotion policy, and emphasis on expediting expenditures under public sector investment plan.

Data from the National Economic and Social Development Board ("NESDB") as of May 2014 showed that the economies of Indonesia, Vietnam and Malaysia in the 1st quarter of 2014 grew 5.2%, 5.0%, and 6.2% respectively, slower compared with 5.7%, 6.0% and 5.1% in the 4th quarter of 2013. Indonesia's economic slowdown was due to export contraction of 0.8%. Meanwhile, the Indonesian rupiah became more stable and inflation softened. The Vietnam economy also decelerated moderately following reduced domestic demand, which is in line with low credit expansion. However, more progress in resolving non-performing loans (NPLs) in the banking sector as well as export expansion of 14.1% helped to strengthen business sentiment. Malaysia's economy, on the other hand, continued to grow at a rapid pace. This was mainly driven by private consumption and private investment. Exports rose 7.9%, in line with the recovery of the US and Eurozone economies. Average inflation remained higher than the previous quarter due to elevated domestic production costs. Similarly, the Philippines economy continued to grow well owing mainly to higher remittances and thereby larger household consumption with 5.8% growth during January and February.

NESDB has made the following forecasts for the ASEAN economy. Economies of Indonesia and Philippines are expected to slow while Malaysia and Vietnam are forecast to accelerate. The Indonesian economy is expected to grow 5.4%, decelerating from 5.8% in 2013 owing primarily to a slowdown in domestic demand, which is expected to result from an increase in interest rates and an upward inflationary trend due to the abolition of domestic oil price subsidies. However, the Indonesian economy will likely improve in the latter half of the year once the policies of the new government become clearer and help to restore economic sentiment. Indonesian exports continue to speed up following economic recovery of its trade partners and the depreciation of the Rupiah. The Philippines economy is expected to grow 6.5%, slowing from 7.2% in 2013. Private consumption will remain a key growth contributor. The Vietnamese economy is expected to grow 5.5%, slightly improving from 5.4% in 2013. The expected growth is partly due to significant progress from the resolution of NPLs in the banking sector. The export sector is also likely to show improved performance, in line with the recovery of the US and Eurozone economies. The Malaysian economy is expected to grow 5.0%, accelerating from 4.7% in 2013, led by a robust export performance in tandem with the global recovery.

Table 12 GDP and export growth in ASEAN economies

	GDP Growth						2014 Export Growth		
	2013	Q4/2013	Q1/2014	2014^{F}	2015^{F}	2016^{F}	January	February	March
Indonesia	5.8	5.7	5.2	5.4	5.6	5.6	-5.9	-3.0	-1.3
Malaysia	4.7	5.1	6.2	5.0	5.0	5.0	3.3	5.2	-8.4
Philippines	7.2	6.5	n.a	6.5	6.9	6.5	9.2	24.4	n.a.
Vietnam	5.4	6.0	5.0	5.5	5.6	5.8	-5.8	1.2	20.0

Notes: 2014^{F} NESDB forecast; 2015^{F} and 2016^{F} World Bank forecast
Source: NESDB and World Bank

Thailand and ASEAN economic outlook

With the global economic recovery and increasing domestic consumption, the World bank has forecast 4.5% economic growth in 2015-2016 for Thailand. As for the Indonesian economy in 2015-2016, the World Bank expects 5.6% GDP growth. Risks of doing business in Indonesia arise from a lack of trade accommodating policy, weakening commodity prices, and waning private consumption and investments, particularly in the construction sector which was caused by a stringent credit policy and higher import costs. Malaysia is expected to grow 5% in 2015-2016, largely from export expansion. Nevertheless, higher costs in debt servicing and fiscal stability will put pressure on its domestic demand. For the Philippines, expenditures on renovation and construction of infrastructure destroyed by the hurricane in 2013 will help with the economy to grow 6.9% in 2015 and 6.5% in 2016. In Vietnam, GDP growth of 5.5% and 5.8% are expected in 2015 and 2016 as a result of a banking and state enterprise restructuring schemes. However, the growth of the economy in the ASEAN region will remain uncertain due to a number of factors, for example, a less-than-expected recovery of the global economy, interest rate increases in the global market, and price volatility due to the Eastern European political situation.

Part 2: The Approval of Purchase of 100% of the Total Charter Capital of METRO Cash & Carry Vietnam Limited

2.1 Characteristic and Details of the Proposed Transaction

The Company and its subsidiaries are seeking to acquire 100% of the total charter capital of METRO Cash & Carry Vietnam Limited, an operator of cash & carry and self-service wholesale stores under the trade name "METRO" in Vietnam, from METRO Cash & Carry International Holding B.V. at the enterprise value of EUR 655 million (THB 28,370 million on a debt-free and cash-free basis), inclusive of approximately EUR 47 million (THB 2,007 million) of rent which has been pre-paid for the following 7 to 37 years. The company approved the signing of the SPA with METRO International Holding B.V. on 7 August 2014.

2.1.1 Types and Size of the Proposed Transaction

The transaction as mentioned above is the acquisition of the business of another company under Section 107 of the Public Company Limited Act B.E. 2535 (as amended) and is considered as an asset acquisition transaction according to the Notification of the Acquisition and Disposition. The Proposed Transaction size of 64.00% of the Company's total assets (THB 44,359 million) is the highest value calculated according to Total Value of Consideration based on the Company's financial statements ended 31 March 2014. When including other acquisition transactions executed by the Company within the preceding 6 months, the calculation of the total transaction size for these other transactions accounts for 0.74%[6], and is altogether equivalent to 64.74% of the Company's total assets when including the Proposed Transaction, which is within the threshold of 50.00% to 100.00%. The transaction thus is regarded as a Class 1 Asset Acquisition Transaction under the Notification of the Acquisition and Disposition, and the Company is required to disclose the transaction to the SET and to convene a shareholders' meeting to obtain approval for the Proposed Transaction, which must be passed with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and eligible to vote without counting interested persons. However, there are no interested shareholders who have conflicts of interest and who are not entitled to vote under this acquisition transaction.

2.1.2 Parties to A Contract, Key Conditions to the Sale and Purchase Agreement, and Details of Asset Purchased

Parties to A Contract

Purchaser	:	Berli Jucker Public Company Limited and/or its subsidiaries
Seller	:	METRO Cash & Carry International Holding B.V., a company registered under the laws of The Netherlands.
Relationship between the parties	:	The Company and/or its subsidiaries have no relationship with METRO Cash & Carry International Holding and METRO Vietnam

Summary of Key Stipulations to the SPA

Parties to a Contract	:	1. Berli Jucker Public Company Limited and/or its subsidiaries as a "Purchaser" 2. METRO Cash & Carry International Holding B.V. as a "Seller"
Assets Being Sold	:	The entire 100% of the total charter capital (presently, METRO Vietnam has charter capital of VND 1,911,749 million or THB 2,868 million) with all the rights that METRO Cash & Carry International Holding B.V. has in METRO Vietnam, such as the wholesale license, land use rights, and the rights to receive all dividends that METRO Vietnam declares to pay in respect of the Seller's interest after the closing of the Proposed Transaction.

[6] The acquisition of all other assets of the Company in the past six months include: (1) Enhancing Information System Project – at a value of THB 110.61 million, transaction size of 0.25% of the Company's total assets; (2) A new subsidiary establishment, BJC Investment Company Limited - at a value of THB 200.00 million, transaction size of 0.45% of the Company's total assets; (3) A newly established joint venture company , BJC & CF (Thailand) Company Limited – at a value of THB 15.30 million, transaction size of 0.034% of the Company's total assets; and (4) The capital increase in BJC Mahe Medical Company Limited – at a value of THB 3.75 million, transaction size of 0.008% of the Company's total assets.

Purchase Price	:	The enterprise value is equivalent to EUR 655.00 million (THB 28,370 million), on a debt-free and cash-free basis. However, the final purchase price that the Company must pay to the Seller will be adjusted for cash, debt and debt-like items(including METRO Vietnam's short-term and long-term interest bearing external debt, and shareholder loans), and net working capital (key net working capital items include the value of inventory, account receivables and account payables).
Key Stipulations and Criteria		
Pre-closing Stipulation	:	1. Approval of the Proposed Transaction by the Company's shareholders with a vote of no less than three-fourths of the total votes of the shareholders who attend the meeting and are eligible to vote, and without any interested person. 2. The Company and/or its subsidiaries have the evidence from the relevant authorities in Vietnam to show that there are no competition issues in relation to the acquisition, taking into consideration the level of combined market share. 3. Amendment of the investment certificate of METRO Vietnam to reflect the transfer of shares from the Seller to the Company and/or its subsidiaries. METRO Vietnam has obtained the investment certificate 411043000980 dated 20 May 2013 (6th amendment) issued by Ho Chi Minh City People's Committee to METRO Vietnam (the "Investment Certificate - IC"), which shall have been amended to reflect the transfer of the Seller's interest from the Seller to the Company (the "Amended IC") so that the Company and its subsidiaries will have all rights then attaching them including the right to receive all distributions and dividends declared, paid or made in respect of the Seller's interest after the closing of the Proposed Transaction. In this regard, the amendment of the IC will not affect the land use rights which belong to METRO Vietnam. The IC held by METRO Vietnam was originally issued for foreign investor. Therefore, this amendment is merely to reflect the transfer of ownership interest without limitation on foreign shareholding. 4. No material change having occurred between the date of signing the SPA and the date immediately prior to the date on which the Amended IC is issued For conditions on the Seller's side, the Company was informed by the Seller that the Seller has already obtained approval from its Board of Directors to enter into this transaction pursuant to the requirement under the Seller's Articles of Association.
Rights to terminate the contract	:	▪ If all conditions have not been fulfilled on or before the date that is 18 months following the date of this Agreement or such later date as determined in writing by the Parties, either of the Parties may terminate this Agreement by written notice to the other party. In such event, neither party shall have any claim under this Agreement. ▪ If any time prior to the date on which the Amended IC is issued, any Material Adverse Change occurs then, the Purchaser may give written notice to the Seller at any time before Closing to terminate this Agreement, provided that such notice shall contain specific details of the Material Adverse Change. ▪ The purchaser shall be entitled to terminate this Agreement If there is material fraud by the Seller and the payment to the Purchaser of damages for the fraud would be an inadequate remedy in the circumstances.
Seller Warranties	:	In case of breach of warranties by the Seller, and where the Purchaser has given the Seller written notice of the breach, if the Seller has not remedied the breach with in the earlier of 30 days after the date on which such notice is served on the Seller and the date that the Amended IC is issued, then the Parties agree that the Final Purchase Price shall be reduced such that the Purchaser is placed

		in the same position as it would have been had such material breach of Warranty not occurred.
Protective covenant post-closing	:	Neither the Seller nor any member of the Seller Group shall carry on or be engaged in any manner in any competing business (a wholesale and cash & carry business) or in any Food Retail Business in Vietnam for 30 months after the Closing Date.
Payment	:	As the security instrument, the Purchaser shall, at its own cost and within the period of two calendar days prior to the date on which the application for the Amended IC is first filed, deliver to the Seller an irrevocable first demand bank guarantee or letter of credit for immediate available funds in an aggregate amount of EUR 655 million from an international bank under the agreed condition. The only conditions to the utilization of the Bank Guarantee shall be the issuance of the Amended IC and the demand for payment by the Seller.
Other Conditions	:	The Company has the rights to obtain services from METRO AG covering various support functions under a transitional period of up to 24 months from the closing date (excluding IT services which may be provided for a transitional period in excess of 24 months and the use of METRO brand which will be provided for a transitional period of not more than 18 months). These services could include the use of METRO brand, expat staff from METRO AG, IT services, employee training, central administrative services etc., and are delivered to METRO Vietnam in return for the payment of a fixed fee to METRO AG for each service at the agreed amount.

Value of the Consideration, Basis Used to Determine the Value of the consideration, Source of Capital for the Acquisition

The Company and/or its subsidiaries will pay an enterprise value for METRO Vietnam in the amount of EUR 655.00 million (THB 28,370 million) on a debt-free and cash-free basis (subject to typical purchase price adjustments at closing as described above), inclusive of approximately EUR 47.00 million (THB 2,007 million) of rent which has been pre-paid for the following 7 to 37 years. The Company will pay the purchase price in full on the date the Seller transfers 100% ownership in METRO Vietnam to the Company and/or its subsidiaries (through successful amendment of the IC). The Company expects the deal to close in the second quarter of 2015, however, this will be subject to the actual time required for the fulfillment of all pre-closing conditions i.e. the consideration and approval period of the Vietnamese Government for the amendment of the IC.

The Proposed Transaction price was determined as a result of commercial negotiations between the Seller and the Company and/or its subsidiaries. The source of funds to finance the purchase of METRO Vietnam will be new equity from the Rights Offering as well as new debt facilities from financial institutions.

The Company has the rights to obtain services from METRO AG covering various support functions in return for the payment of a fixed fee to METRO AG for each service. The Company has negotiated these fixed fees to suit its future operational plan for METRO Vietnam. Also, the fee structure is broadly consistent with the fees paid by METRO Vietnam in the past.

The Company's Board of Directors' Meeting No. 8/2014 held on 19 August 2014 has approved the allocation of up to 360,434,444 newly issued ordinary shares with the par value of THB 1.00 per share to the existing shareholders of the Company pro rata to their shareholding, in the ratio of 2 new shares for 9 original shares (whereby any fraction of newly issued ordinary shares below 0.5 shall be rounded down), at the offering price THB 45 per share. The Board of Directors also approved the allocation of the remaining shares from the allocation to the shareholders according to the Rights Offering to specific persons under the private placement scheme whereby these specific persons are not related to the Company. In the case where all existing shareholders of the Company subscribe for the whole amount of their entitlement under the Rights Offering, the Company will receive total proceeds from the issuance of new shares of approximately THB 16,219.55 million (before related expenses), the

Company will then require approximately THB 12,150.45 million of debt financing to fund the remaining portion of the consideration for the Proposed Transaction.

Details of Asset Purchased

General Information in relation to METRO Vietnam, of which the Company will acquire 100% of the total charter capital under the terms of the transaction, is as follows:

a) General Information
METRO Vietnam was incorporated in Vietnam in 2002, presently has charter capital of VND 1,911,749 million[7] (THB 2,868 million[8]) and is 100% owned by METRO Cash & Carry International Holding B.V.[9]

b) Business Description of METRO Vietnam
METRO Vietnam is a cash & carry and self-service wholesale business, operating under the name "METRO" and providing a wide selection of merchandise. Currently, METRO Vietnam has 19 cash & carry stores with total net sales area of approximately 110,000 square meters. The stores are located in 14 cities across Vietnam: 6 in the northern region, 7 in the central region and 6 in the southern region. The land located those 19 stores are under the land use rights until 2051 which had already been paid for and the remaining lease period is 7 – 37 years. In addition, the business operates two warehouses and two cross-docking stations[10], located in Hanoi and Binh Duong. These facilities are managed by separate third parties.

7 Note this does not reconcile to fully paid-up share capital as per the METRO Vietnam balance sheet as a different exchange rate was applied in the preparation of the financial statements compared to the investment certificate documents which state total charter capital.

8 VND figures converted to THB at the Bank of Thailand THB-VND 666.7 on 6 August 2014

9 METRO International Holding, a subsidiary of METRO AG, Germany (METRO GROUP), was established in 1964 to operate cash & carry and self-service wholesale membership stores under the name "METRO" in Germany. Currently, there are 763 METRO stores in 28 countries all over Europe, Asia, and North Africa. The core businesses of METRO GROUP are cash & carry wholesale stores, retail grocery stores, consumer goods retailing, and department stores under many store brands, such as METRO Cash & Carry (wholesale stores), Media Market (consumer electronics, electrical appliances, computers, camera), Real (hypermarket), and Saturn (consumer electronics, electrical appliances, computers, camera). Other businesses include real estate, transportation and logistics, information technology and advertising. METRO GROUP presently has 2,200 stores in 31 countries (more information at www.metrogroup.de).

10 A cross-docking distribution center can simultaneously receive inbound flows of goods and directly transfer them into outbound flows. At a cross-docking warehouse, materials can be unloaded from an inbound vehicle and loaded directly into an outbound vehicle. Cross-docking reduces inventory level, cuts down inventory holding and lifting costs, and thus reduces total cost and enhances timely distribution of freight.

Table 13 Information on METRO Cash & Carry Vietnam Stores

Store	Year of Opening	Plot Size (sq.m.)
Northern Region		
ThangLong	July 2003	40,377
Hoang Mai	September 2007	29,843
Hai Phong	October 2005	29,498
Vinh	September 2011	21,306
Ha Long	September 2011	22,830
Ha Dong	October 2012	14,445
Central Region		
An Phu	December 2002	36,265
Binh Duong	November 2010	25,416
Da Nang	December 2005	30,004
Quy Nhon	October 2010	30,000
Vung Tau	December 2010	23,768
Nha Trang	December 2011	21,000
Buon Me Thuot	January 2012	19,000
Southern Region		
Binh Phu	March 2002	28,908
Hiep Phu	October 2005	37,075
Can Tho	December 2004	33,554
Bien Hoa	July 2009	33,228
Long Xuyen	September 2010	34,021
Rach Gia	October 2012	20,000

JayDee Partners

Currently, METRO Vietnam has an approximate 22.2% share of Vietnam's modern grocery market, the #2 player after Saigon Union of Trading Cooperatives, who holds a 34.3% share of the market (An industry review of modern grocery business can be found in Part2, item 2.1.1 e) of this report).

METRO Vietnam's major groups of customers are hotels, restaurants and caterers (HoReCa), traders and services and companies & offices. At present, METRO Vietnam has more than 911,000 registered members. The Company's assortment can be divided into the following categories:-

1) Fresh food products, such as bakery, meat, frozen food, dairy products, fruits and vegetables, seafood
2) Dry food products, such as alcoholic beverages, canned foods, beverages, snacks, cleaning products; and
3) Household products e.g. clothing and apparels, sporting goods, stationeries, office supplies, and other groceries products.

Within these product categories, certain products are sold under METRO Vietnam's own brands, including:

Products for HoReCa customers	Products for Bars and Café	Fine Quality Consumer Products	Standard Quality Consumer Products	Office Supplies

c) Board of Directors and Executives

The following table provides a list of Board of Directors and the Management as of 3 September 2014.

Table 14 Board of Directors and Board of Management as of 3 September 2014

Name	Position
1. Mr. Philippe Bacac	Chairman & General Director
2. Mr. Stephane Maurin	Member
3. Mr. Eric Heens	Member
4. Mr. Antonio De Sousa	Member & Finance Director

Source: METRO Vietnam

Once the transaction is completed, the Company will assign its board of directors and executives to that of METRO Vietnam.

However, pursuant to the conditions prescribed in the Transitional Service Agreement, the Company has the rights to obtain services from METRO AG covering various support functions under a transitional period of up to 24 months from the closing date (excluding IT services which may be provided for a transitional period in excess of 24 months and the use of the METRO brand which will be provided for a transitional period of not more than 18 months). The Company plans to transition METRO's brand to its own brand within 12 – 18 months post-closing so that it would have enough time to study the market and prepare itself. Meanwhile, the Company expects to use IT services for approximately 3 – 4 years. The Company will pay to METRO AG a fixed fee for each service at the agreed amount.

d) Summary of Financial Statements and Operating Performance

The IFA has prepared this summary of financial position and operating performance based on the financial statements of METRO Vietnam which was audited by KPMG Limited Vietnam for the year ended December 31, 2010 – 2012 and financial statements for the 9-month period ended September 30, 2013. (In 2013, METRO Vietnam changed its accounting year from 1st January – 31st December to 1st October – 30th September. Therefore, the most recent audited financial statements are that of the 9-month period ended 30 September 2013). The financial statements presented in the following tables have been prepared according to the criteria defined in Vietnamese Accounting Standards (VAS).

Auditor's Assumptions in Preparation of Financial Statements for the Year 2010 – 2012 And the 9-month Period of 2013

The auditor made additional assumptions in preparation of the financial statements that, on a going concern basis, METRO Vietnam would still be able to carry on its business despite its continuous operating loss. METRO Vietnam's statements of financial positions showed that its current liabilities and total debt exceeded current assets and total assets, respectively. Moreover, there existed significant amount of borrowings that would be due in the next 12 month. This assumption, nonetheless, was based on the principle that METRO Vietnam shareholders would maintain their financial supports necessary for METRO Vietnam to pay its due liabilities and continue to operate the business. The following table presents details of the abridged financial statements.

Table 15 Summary of Financial Statements and Operating Performance for the Fiscal Year 2010-2012 and for the 9 Months Ended 30 September 2013

METRO Cash & Carry Vietnam Limited Balance Sheet (VND billion)	31 Dec2010	31 Dec2011	31 Dec2012	30 Sep 2013
Current assets				
Cash and cash equivalents	45.81	130.31	125.00	84.13
Account Receivables and other receivables[1]	563.48	605.44	689.36	502.05
Inventories	1,060.53	1,796.95	1,124.62	1,183.53
Other current assets[2]	88.53	200.75	87.60	213.30
Total current assets	**1,758.34**	**2,733.45**	**2,026.57**	**1,983.01**
Non-current assets				
Fixed assets[3]	2,871.12	3,778.97	3,940.41	3,713.82
Other non-current assets[4]	145.57	537.53	816.41	779.34
Total non-current assets	**3,016.69**	**4,316.50**	**4,756.82**	**4,493.16**
Total assets	**4,775.03**	**7,049.95**	**6,783.39**	**6,476.17**
Current liabilities				
Short-term borrowings	944.15	2,073.70	2,052.28	1,664.68
- Liabilities from related Parties	-	1,249.97	1,254.23	1,265.04
- Liabilities from financial institutions	661.00	400.00	483.50	-
- Current portion of long-term loan	283.15	423.73	314.55	399.64
Trade liabilities	1,713.26	1,920.44	1,272.67	1,233.21
Other current liabilities[5]	842.98	599.45	530.20	478.56
Total current liabilities	**3,500.39**	**4,593.59**	**3,855.15**	**3,376.45**
Long-term liabilities				
Long-term borrowings	1,438.50	2,533.99	2,794.96	3,137.45
Provision for severance allowance	13.83	15.86	16.26	16.10
Total long-term liabilities	**1,452.32**	**2,549.85**	**2,811.22**	**3,153.55**
Total liabilities	**4,952.71**	**7,143.44**	**6,666.37**	**6,530.00**
Shareholders' equity				
Fully paid-up share capital[6]	993.01	1,288.58	1,902.68	1,902.68
Retained earnings	(1,170.69)	(1,382.07)	(1,785.66)	(1,956.52)
Total shareholder's equity	**(177.68)**	**(93.49)**	**117.03**	**(53.83)**
Total liabilities and shareholders' equity	**4,775.03**	**7,049.95**	**6,783.39**	**6,476.17**

Notes 1) Accounts receivable and other receivables consist of trade accounts from sales of goods, discounts from later income receivables.
2) Majority of other current assets were deductible value added tax.
3) Fixed assets consist of plants and buildings, leasehold estates and work-in-progress constructions which were the sites for METRO Vietnam stores, equipment, and information technology systems.
4) Other non-current assets comprise prepaid expenses on leasehold estates and plants and equipment.
5) Other current liabilities include accrued expenses related to METRO Vietnam operating activities (e.g. employee related expenses, utility expenses) and other accrued expenses (e.g. construction expenses, accrued interest).
6) Note this does not reconcile to the total charter capital as per METRO Vietnam's investment certificate documents as a different exchange rate was applied in the preparation of the financial statements.

METRO Cash & Carry Vietnam Limited Income Statements (VND billion)	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Jan-Sep 2013
Total revenue	10,265.84	13,309.17	13,934.55	10,443.36
Cost of sales	9,692.97	12,477.22	13,197.03	9,894.31
Statistical gross profit	**572.88**	**831.96**	**737.52**	**549.05**
Later income (discount on purchase)	505.95	722.09	753.26	543.86
Gross profit after later income	**1,078.82**	**1,554.04**	**1,490.79**	**1,092.92**
Other revenues	25.52	27.70	29.13	12.90
Selling and administrative expenses*	954.67	1,403.92	1,704.52	1,098.83
Other expenses	1.94	1.57	15.50	-
EBITDA	**302.65**	**390.98**	**88.54**	**239.26**
EBIT	**147.73**	**176.25**	**(200.11)**	**6.98**
Financial income	17.42	3.52	1.54	2.32
Financial expenses	179.72	406.39	240.73	169.16
- Interest expenses	159.91	200.81	212.07	112.96
- Realized and unrealized foreign exchange losses and other financial expenses	19.81	205.59	28.66	56.19
Loss before tax	**(14.57)**	**(226.62)**	**(439.30)**	**(159.85)**
Income tax expense / (benefit)	(6.82)	(15.23)	(35.72)	11.00
Net loss after tax	**(7.75)**	**(211.38)**	**(403.58)**	**(170.86)**

Notes *Selling and administrative expenses consisted mainly of employee costs, advertising fees, utilities, maintenance fees and land rental fees.

METRO Cash & Carry Vietnam Limited Statement of Cash Flow(VND billion)	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Jan-Sep 2013
Cash flows from operating activities	122.12	(1,104.80)	(310.23)	252.60
Cash flows from investing activities	(765.17)	(1,215.52)	(549.99)	(229.42)
Cash flows from financing activities	651.45	2,404.83	854.90	(64.05)
Net cash flows	8.39	84.51	(5.32)	(40.87)

METRO Cash & Carry Vietnam Limited Financial Ratios	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2012	Jan-Sep 2013
Liquidity Ratio				
Liquidity ratio(times)	0.50	0.60	0.53	0.59
Quick ratio(times)	0.17	0.16	0.21	0.17
Account receivable turnover (times)	233.69	196.72	148.83	107.65
Average collection period (days)	1.54	1.83	2.42	3.34
Average collection period - later income (day)	196.51	197.31	191.51	193.40
Inventory turnover (times)	10.26	8.56	8.69	8.09
Day sales of inventory (days)	35.10	42.06	41.42	44.49
Account receivable turnover (times)	6.20	6.82	8.17	7.82
Days payable outstanding (days)	58.09	52.80	44.08	46.05
Profitability Ratio				
Gross margin (including later income) (%)	10.51%	11.68%	10.70%	10.47%
EBITDA margin (%)	2.95%	2.94%	0.64%	2.29%
Operating profit margin (%)	1.44%	1.32%	(1.44%)	0.07%
Net profit margin (%)	(0.08%)	(1.59%)	(2.90%)	(1.64%)
Efficiency Ratio				
Return on asset (%)	3.72%	2.98%	(2.89%)	0.14%
Return on fixed asset (%)	6.20%	5.30%	(5.18%)	0.24%
Asset turnover(times)	2.59	2.25	2.01	2.10
Leverage Ratio				
Interest coverage ratio (times)	0.92	0.88	(0.94)	0.06

Notes The IFA did not calculate return on equity and debt to equity ratio because METRO Vietnam had negative shareholder equity.

Operational Performance

Sales revenue

Sales revenue for the year 2010 to 2012 amounted to VND 10,265.84 billion, VND 13,309.17 billion, and VND 13,934.55 billion, respectively, with an increase of VND 3,043.33 billion (29.7% growth) in 2011 and VND 625.38 billion (4.7% growth) in 2012. The growth in sales revenue in 2011 was largely a result of a METRO Vietnam store expansion starting in 2009 onward (2009 – 1 store, 2010 – 4 stores, 2011 – 3 stores), accompanied by a relatively high inflation rate in Vietnam of 18.6% in 2011 (9.2% in 2010) due to rises in food and housing prices. The increase in minimum wage by the Vietnamese government also positively contributed to the rise in METRO Vietnam's sales revenue in 2011.

Despite adding three new stores in 2012, the growth in sales revenue was modest for 2012 and for the first nine months of 2013. This partly resulted from a realignment of marketing strategy by METRO Vietnam's executives in order to focus more specifically on core target groups of customers and gradually reduces the proportion of some lower margin products, thereby enhancing METRO Vietnam's competitiveness in the long run.

Food products accounted for the largest part of METRO Vietnam's revenue structure from the year 2010 to 2012 and the first nine months of 2013. In 2010, the proportion made up approximately 84% and steadily rose to approximately 89% in the first nine months of 2013. Details are as follows:

Table 16 Structure of Sales Revenues for the 2010 - 2012 Accounting Year and the 9-month Period Ended 30 September 2013

(VND billion)	2010	2011	2012	Jan–Sep 13
Sales revenue from food products	8,653.28	11,318.58	12,083.96	9,273.62
Sales revenue from other products	1,612.56	1,990.59	1,850.59	1,169.74
Total sales revenue	10,265.84	13,309.17	13,934.55	10,443.36

Additionally, METRO Vietnam revenues from later income for 2010 – 2012 and the first nine months of 2013 amounted to VND 505.95 billion, VND 722.09 billion, VND 753.26 billion, and VND 543.86 billion, respectively. These were equivalent to 4.9%, 5.4%, 5.4%, and 5.2% of sales revenue in each year. The reason behind the improvement in this proportion in 2011 was due to the successful negotiation of improved later income terms with its trade partners.

Cost of Sales

METRO Vietnam cost of sales in 2010 – 2012 and for the first 9-month period ended 30 September 2013 were VND 9,692.97 billion, VND 12,477.22 billion, VND 13,197.03 billion, and VND 9,894.31 billion, respectively. These accounted for 94.4%, 93.8%, 94.7%, and 94.7% of sales revenue in each year. The reason behind the rise in the ratios of cost of sales to sales revenue in 2012 and that of the first 9-months of 2013 was due to an increased proportion of food products within total sales mix. Relative to other types of products, food products have a lower gross profit margin, leading to a decline in total group gross profit margin (excluding later income) from 6.3% in 2011 to 5.3% in 2012 and 5.3% for the first 9-month period of 2013. Gross profit margin (including later income) was 11.7% in 2011, 10.7% in 2012 and 10.5% for the first 9-month period of 2013.

Selling and Administrative Expenses

METRO Vietnam's selling and administrative expense amounted to VND 954.67 billion in 2010, VND 1,403.92 billion in 2011, and VND 1,704.52 billion in 2012, which accounted for 9.3%, 10.6%, and 12.2% of sales revenue in each year. The main portion of selling and administrative expenses comprise personnel expenses, advertising expenses, fees paid to METRO AG and energy cost. The relatively high increments in selling and administrative expenses in 2011 – 2012 were the result of store expansion expenditures, relating in particular to employee costs, advertising and public relations costs, utilities costs, and supply chain and logistics costs.

During the first nine months of 2013, selling and administrative expense accounted for VND 1,098.83 billion or 10.5% of sales revenue. The reasons behind the decline of this expense compared to 2012 were due to no additional store openings and improved cost management and cost saving opportunities for some key expense items.

Financial Expenses
Financial expenses for 2010-2012 were VND 179.72 billion, VND 406.39 billion, and VND 240.73 billion, respectively. Of these, interest expenses accounted for VND 159.91 billion, VND 200.81 billion and VND 212.07 billion, respectively. Since 2010, the Company's borrowings have increased to finance store expansion, along with the interest expenses. In addition, METRO Vietnam was obliged to pay guarantee and commitment fees to METRO AG, a related company. The guarantee fees to secure loans from financial institutions were VND 9.52 billion, VND 13.03 billion and VND 9.51 billion in 2010-2012, respectively. Unrealized foreign exchange losses of VND 119.12 billion were another significant item that weighed on total financial expenses in 2011.

For the 9-month period ended 30 September 2013, interest expenses accounted for VDN 112.96 billion, declining from the previous year as METRO Vietnam repaid selected short-term liabilities (i.e. those with high interest rate).

EBITDA and Net Profit (Loss) After Tax
In 2010 – 2012, METRO Vietnam had earnings before interest, tax, depreciation and amortization (EBITDA) of VND 302.65 billion, VND 390.98 billion, and VND 88.54 billion, respectively. These accounted for 2.95%, 2.94% and 0.64% of sales revenue (EBITDA to sales revenue ratio) in 2010 – 2012, respectively. METRO Vietnam experienced a net loss after tax of VND 7.75 billion in 2010. This loss has increased to VND 211.38 billion in 2011 and VND 403.58 billion in 2012 on account of rising expenses following the rapid expansion in number of stores as mentioned above, coupled with lower growth in sales revenue as newer stores took time to fully ramp up.

During the first nine months of 2013, METRO Vietnam's EBITDA was VND 239.26 billion or 2.29% of sales revenue, with a net loss after tax of VND 170.86 billion. METRO Vietnam performed better in the first nine months as a result of the declining portion of operating expenses from no new branch opening and increase efficiency in expense controlling as mentioned above.

Financial Statements
Assets
Total Assets of METRO Vietnam for 2010-2012 were VND 4,775.03 billion, VND 7,049.95 billion, and VND 6,783.39 billion, respectively. Of these, current assets accounted for 36.8% in 2010, 38.8% in 2011, and 29.9% in 2012. Inventories made up the majority of current assets: 60.3%, 65.7%, and 55.5% in 2010, 2011, and 2012, respectively. Non-current assets in 2010-2012 accounted for 63.2%, 61.2% and 70.1% of total assets, respectively. Tangible fixed assets (i.e. property, plant, & equipment) made up the majority of non-current assets: 95.2%, 87.6%, and 82.8% of total non-current assets for each year. In 2011, the company's total assets increased VND 2,274.92 billion (47.6% rise from the previous year). This was the result of the significant store expansion program nationwide. Under total assets, fixed tangible assets and inventories increased VND 907.85 billion and VND 736.42 billion, respectively. In 2012 decreasing inventories of VND 672.33 billion brought about a 3.8% reduction in total assets or VND 266.56 billion. The cause of this inventory decrease was driven by a month delay in inventory management to prepare for the Tet Holiday. In addition to this, the new policy of reducing the level of inventories during the festival for low turnover products also contributed to the decrease in inventories. Fixed tangible assets, on the other hand, continued to increase from the previous year, by VND 161.44 billion from the expansion of new stores. Other non-current assets increased by VND 278.88 billion, mainly from an increase in prepaid land rent.

As of 30 September 2013 total assets of METRO Vietnam were VND 6,476.17 billion, consisting of 30.6% current assets and 69.4% non-current assets. The Company's total assets decreased VND 307.22 million or 4.5% from the end of year 2012. This was the result of a decrease in fixed assets of VND 226.59 billion due to depreciation expenses. Trade account receivables also decreased VND 187.31 billion mainly from a fall in accrued purchase discounts which resulted from the negotiations with METRO Vietnam's suppliers.

Liabilities
As of 31 December 2010 – 2012, METRO Vietnam had total liabilities of VND 4,952.71 billion, VND 7,143.44 billion, and VND 6,666.37 billion, respectively. Current liabilities accounted for 70.7% of total liabilities in 2010, 64.3% in 2011, and 57.8% in 2012. Examining closely the composition of total debts in each of the years, it can be seen that major current liabilities were trade account payables: 48.9% of total current liabilities in 2010, 41.8% in 2011, and 33.1% in 2012. Short-term borrowings were 27.0% of total current liabilities in 2010, 45.1% in 2011, and 53.2% in 2012. Non-current

liabilities accounted for 29.3% of total liabilities in 2010, 35.7% in 2011, and 42.2% in 2012. A major proportion of non-current liabilities were long-term borrowings, comprising 90.1% of total non-current liabilities in 2010, 99.4% in 2011, and 99.4% in 2012.

The increase in total liabilities in 2011 of VND 2,190.73 or 44.2%, was mainly due to rises in short-term and long-term borrowings of VND 1,129.54 billion and VND 1,095.49 billion, respectively. In 2012, total liabilities declined from 2011 by 6.7% or VND 477.07 billion, the key reason being a reduction in trade account payables of VND 647.77 billion. One reason for the significant increases in short-term and long-term borrowings between 2010 and 2012 was due to store expansion programs. Long-term borrowings were 3-10 year loans obtained from financial institutions, denominated in U.S. dollars and Euro and guaranteed by METRO AG, whereas the sources of short-term borrowings were mostly from METRO Group and were U.S. dollar denominated.

As of 30 September 2013, METRO Vietnam total liabilities were VND 6,530.00 billion, consisting of current liabilities (51.7% of total liabilities) and non-current liabilities (48.3% of total liabilities). Total liabilities dropped 2.1% or VND 136.36 billion from the end of year 2012 due to a decline in trade account payables and other current liabilities.

Shareholders' Equity
As of 31 December 2010 and 2011, METRO Vietnam had negative shareholder equity of VND 177.68 billion and VND 93.49 billion, respectively. Shareholders' equity turned positive to VND 117.03 billion in 2012. Causes of the negative shareholders' equity were operating losses and accumulated losses as the business developed and ramped up over time following entrance into the market in 2002. A capital increase from METRO International Holding of VND 295.58 billion in 2011 and VND 614.10 billion in 2012 improved shareholders' equity by VND 84.19 billion (47.4%) and VND 210.52 billion (225.2%), respectively, relative to the preceding years.

As of 30 September 2013, METRO Vietnam's negative shareholder equity was VND 53.83 billion, a drop of VND 170.86 billion from the end of 2012 owing again to operating losses.

Liquidity
In 2010, METRO Vietnam's net cash flows from operating activities were VND 122.12 billion, mainly a result of an increase in trade account payables of VND 577.32 billion. Net cash flows used in operating activities were VND 1,104.80 billion in 2011 and VND 310.23 billion in 2012. A large decrease in net cash flow in 2011 was due to increases in account receivables and inventories (VND 904.50 billion) and decreases in account payables and prepaid expenses (VND 731.84 billion). Net cash flows used in investing activities for 2010 – 2012 were VND 765.17 billion, VND 1,215.52 billion and VND 549.99 billion, respectively. Most were expenses relating to purchases of fixed assets for store expansion. Net cash flows from financing activities in 2010-2012 were VND 651.45 billion, VND 2,404.83 billion and VND 854.90 billion; majority were cash from short-term borrowings and long-term borrowing from institutions.

As of 30 September 2013, METRO Vietnam's net cash flows from operating activities were VND 252.60 billion. This was mainly due to a rise in trade account payables of VND107.10 billion. Net cash flows used in investing activities were VND 229.42 billion, mainly due to fixed assets of VND 232.87 billion. Net cash flows used in financing activities were VND 64.05 billion.

e) Industry Review

Overview of Vietnam's economy

Vietnam's economy was ranked 6th largest in the South-East Asia Region("ASEAN") by GDP and is the most developed nation in the CLMV group of countries, which consist of Cambodia, Lao PDR, Myanmar and Vietnam. Over recent decades, Vietnam's economy has been growing at a higher rate than other countries in ASEAN. Particularly, during2000 to2007, real GDP grew notably at an average of 7.2% per annum. Even after the subprime crisis in the United States, real GDP grew at an average of 5.8% per annum during 2008 – 2012. In 2013, Vietnam's real GDP grew at 5.4%, which is higher than ASEAN's average real GDP growthof5.0%. Recently, driving factors of Vietnam's economic growth are as follows:

- Increase in export of goods and services which led to the first trade surplus of Vietnam in 2012. The trade surplus also increased in 2013.
- Government policy regarding price control on important goods e.g. gasoline, electricity and water, which led to a decrease in inflation from 9% in 2012 to 7% in 2013.
- Development of economic activities from agricultural to industrial and service sectors which has notably improved economic value. In addition, foreign investors became more confident to invest in Vietnam because of its political stability, continuity of economic expansion, and economic reformation plan set out by the government on state enterprise, financial institutions, and public investment. According to the Ministry of Planning and Investment of Vietnam, Foreign Direct Investment ("FDI") in 2013wasUSD 21 billion, increasing from 2012 by 54.5%, of which USD 16.6 billion was invested in 600 new projects in the manufacturing sector.
- Increase in consumption due to the growing population particularly the labour force. In 2013, the Vietnamese population reached 90 million (the 3rd largest in ASEAN), and is estimated to increase at 0.9% per annum during 2014 to 2018. As a result of continuity in economic expansion in Vietnam during the past few years, the size of the labour force (above 15 years of age)increased from 42.8 million in 2005 to 52.2 million in 2013.In addition, overall income of the population increased, resulting in the expansion of the middle class population. According to the General Statistics Office of Vietnam, average income of employees in big cities increased from VND 1.6 million/month (approximately THB 2,399/month) in 2005 to VND 5.1 million/month (approximately THB 7,646/ month) in 2013. Due to the expanding urbanization, real estate and other related sectors have also expanded. In addition, the changes of lifestyle and consumption behaviors of people are key factors driving the growth of the modern grocery market in Vietnam.

World Bank estimates that Vietnam's real GDP growth will increase at a higher rate than the average of ASEAN, being 5.5%, 5.6% and 5.8% for 2014, 2015 and 2016 respectively, compared to the average of ASEAN of4.8%. 5.2% and 5.2% respectively.

Table 17 Actual and forecast real GDP growth of countries in ASEAN during 2012 - 2016

	2012	2013	2014F	2015F	2016F
Indonesia	6.3	5.8	5.3	5.6	5.6
Malaysia	5.6	4.7	4.9	5.0	5.0
Philippine	6.8	7.2	6.6	6.9	6.5
Thailand	6.5	2.9	3.0	4.5	4.5
Vietnam	5.3	5.4	5.5	5.6	5.8
Cambodia	7.3	7.4	7.2	7.0	7.0
Lao PDR	8.2	8.1	7.2	7.9	9.1
Myanmar	7.3	7.5	7.8	7.8	7.8
Southeast Asia	**5.6**	**5.0**	**4.8**	**5.2**	**5.2**

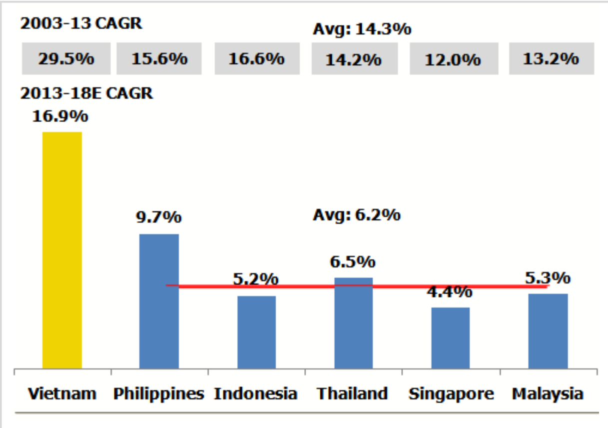
Source: World Bank, East Asia Pacific Economic Report as of April 2014

Modern grocery market in Vietnam

I) Market overview

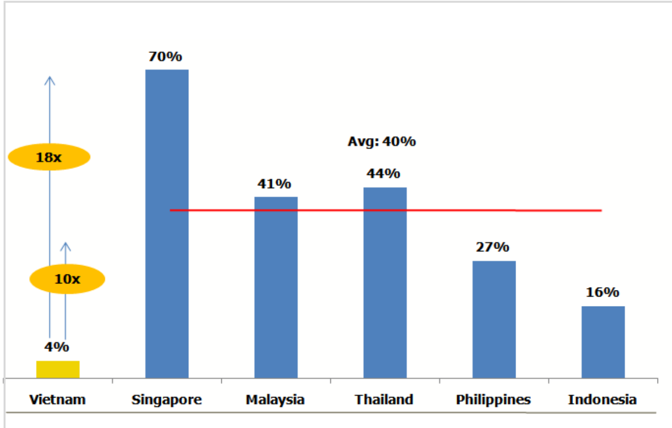
According to the analysis of retail businesses in Vietnam in 2014 by Planet Retail[11], it indicates that the size of the modern grocery market in Vietnam was USD 2.7 billion in 2013, representing a Compound Annual Growth Rate ("CAGR") of 29.5% from the market size in 2003, which is higher than the average modern grocery market CAGR of other countries in ASEAN of 14.3%.The main factors driving the higher growth rate in Vietnam were its overall economic growth, increased Foreign Direct Investment, increased consumer purchasing power, and increased new branch expansion from existing modern grocery retailers. In addition, Planet Retail forecasts that Vietnam's modern grocery market will grow further by a CAGR of approximately 16.9% during 2013 to 2018, while the average modern grocery market CAGR of other ASEAN countries is expected to be 6.2%.

Chart1 Growth of modern grocery market in Vietnam compared to ASEAN



Source: Planet Retail

Chart2 Modern grocery penetration in Vietnam compared to ASEAN



Source: Euromonitor International

Although the modern grocery market in Vietnam has been growing, its growth is still at an early stage. Traditional grocery is still the most prevalent form of retail in Vietnam, accounting for 96% of total grocery retail value in 2013. This is because consumers still prefer traditional grocery due to its proximity to their homes, which makes it more convenient to access. Furthermore, most of the population, particularly in the countryside, still have a low usage of cars and refrigerators or freezers to store fresh food. On the other hand, many modern grocery outlets e.g. supermarkets, which entered the market during 1990 – 2000, are mostly located in big cities like Ho Chi Minh City and Hanoi. Thus, the proportion of modern grocery outlets to citizens in Vietnam is still lower compared to the average of ASEAN. Planet Retail indicates that, in 2013, Vietnam had 8 modern grocery outlets per million citizens, while other countries in ASEAN had an average of 111 modern grocery outlets per million citizens. Likewise, the penetration rate of modern grocery in Vietnam is relatively low at 4% in 2013, compared to the average of countries in ASEAN at 40%. Since Vietnam still shows a relatively low number of modern grocery outlets as well as the said penetration rate, while the economy is continuously growing, together with expanding urbanization, increases in proportion of the middle class population, constant change in consumer behavior towards higher quality goods and services, convenience of access to those good and services, and increased health consciousness, the modern grocery market in Vietnam has become one of the most interesting markets in ASEAN. In this regard, positive factors that could contribute to the potential growth of modern grocery market in Vietnam are as follows:

[11] Planet Retail is a world leading company providing retail business data and consultancy services. It is a part of WGSN Group, a provider of strategic analysis on business trends globally. At present, WGSN provides services to many global corporations, including Coca-Cola, Marks & Spencer, Puma, Virgin, and Next. For more information about Planet Retail, please visit www.planetretail.net

- Increase in income level of consumers, which results in higher purchasing power as well as the need for higher quality and more variety of goods and services with convenient access. These factors could drive consumers towards more purchasing at modern grocery outlets rather than traditional grocery venues like wet markets.
- Increase in awareness about the advantages of modern trade, that can satisfy the changing needs of consumers e.g. modern trade offers an increased range of products under various brands with many levels of pricing and packaging size for consumers to choose from.
- Proposed plan of the Ministry of Industry and Trade which aims to increase the share of modern retail in Vietnam to 45% of total retail market value in 2020, by targeting1,200 –1,300 supermarkets and 180 department stores by 2020.

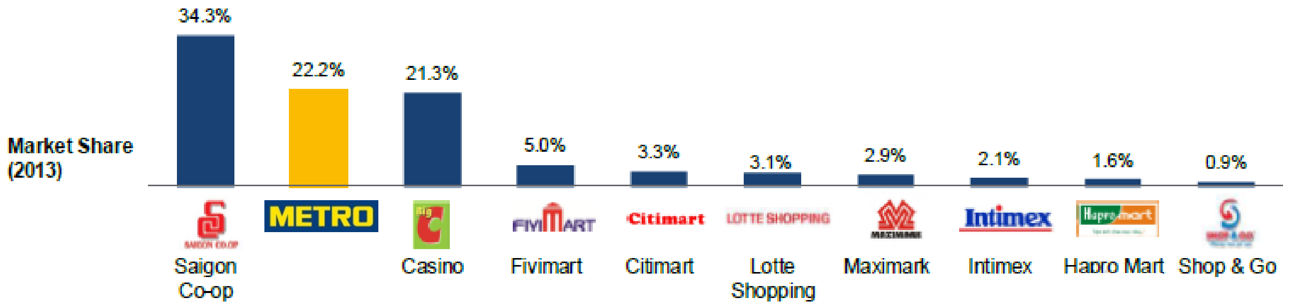
II) Market competition

Currently, there are many types of modern grocery retail channels in Vietnam including hypermarkets, supermarkets, convenience stores, cash & carry and warehouse clubs. Considering the overall market, Saigon Union of Trading Cooperatives (“Saigon Co-op”), a state-owned company, has always been one of the players with the highest market share, accounting for 34.3% of the total modern grocery retail value in 2013.Its outlets cover all types of modern grocery channels including hypermarkets, supermarkets, convenience stores, and warehouse clubs, under various brands namely “Co-op”, e.g., Co-op Mart, Co-op Store, and Co-op Xtra Plus.

The second largest modern grocery retailer is Metro Vietnam (“METRO”), which operates only cash &carry outlets under the brand “METRO”. In 2013, METROhad22.2% of total modern grocery retail value. In the past, METRO used to be the only operator of cash & carry outlets, however, in 2013, Saigon Co-op and its Singapore's business partners launched warehouse clubs in Ho Chi Minh City called Co-op Xtra Plus, making the business a direct competitor of METRO. Based on figures sourced from Planet Retail, Saigon Co-op plans to open one or two new Co – op Xtra Plus stores each year in an attempt to reach 20 stores by 2020.

Casino Guichard Perrachon SA, the third largest modern retailer in Vietnam, operates hypermarkets under the brand “Big C”. In 2013, Big C had 21.3% market share of total modern grocery retail value in Vietnam. Apart from those mentioned, there are other retailers with smaller market share, which are mostly hypermarkets and supermarkets under various tradenames i.e. Fivimart, Citimart, Lotte Shopping, Maximart, Intimex, and Hapro Mart, while Shop&Go is positioned as a convenience store. All of the aforementioned brands are considered the indirect competitors of METRO.

Chart 3 Modern grocery retailers in Vietnam



Founded	1996	2002	1998	1997	1994	2008	1992	2011	2006	2005
Owner	Govern-ment	Metro Vietnam	Casino Guichard Perrachon SA	Govern-ment	Local company	Lotte Shipping Co.,Ltd	Local company	Govern-ment	Govern-ment	CuaHieu&Suc Song JSC
Branches	**288**	**19**	**35**	**16**	**33**	**6**	**6**	**15**	**34**	**95**
Large	68	19	25	-	-	6	6	-	-	-
Medium	75	-	5	16	33	-	-	15	34	-
Small	145	-	5	-	-	-	-	-	-	95

Source: Planet Retail

Based on information from Euromonitor International[12] ("Euromonitor"), convenience stores is the fastest growing channel in Vietnam in 2013, increasing by 64% from the previous year, mainly because it attracts teenagers and young adults in urban areas. Hypermarkets are also growing at 28% from the previous year, due to an increasing number of customers attracted by a pleasant shopping environment, and a greater variety of products. Facing strong competition from hypermarkets, supermarket exhibited slower growth relative to other channels, and grew by only 17% from the previous year.

Picture 1 Various channels of modern grocery outlets in Vietnam

Source : Euromonitor International

For the future trend of the modern grocery market in Vietnam, Euromonitor has forecast that, as a result of new branch expansion by the existing retailers, increased customers in the modern trade channel from the change in consumer behaviors, and also rising purchasing power, the modern grocery market is expected to continuously grow. It is also expected that the market will become more competitive given the expansion plan of existing retailers, the development of higher quality goods and services, and the various promotional activities expected to be put in place. The entry of new foreign operators may bring more competition as the government has been promoting foreign investment by revising certain regulations to facilitate foreign business operators, for example, foreigners can register a company in Vietnam with 100% foreign ownership. However, Vietnam's modern grocery market still poses certain obstacles to new foreign operators such as issues concerning counterfeit and/or pirated products, and more importantly, regulations that require foreign operators to file for a permit with the Ministry of Industry and Trade and the Provincial People's Committee every time they plan to open a new branch or store. The approval will be granted based on the result of an economic needs test, which considers the population density of particular provinces, the number of existing outlets in the area, and market stability. Hence, this factor may be considered as a competitive advantage for local and existing players who are familiar with this process and these approvals (such as METRO Vietnam), and a key consideration for new foreign investors entering the Vietnamese market.

[12] Euromonitor International, established in 1972, is the world leading provider of strategic research on consumer markets. Currently, Euromonitor has more than 1,000 consultants with several offices worldwide, including England, USA, Singapore, China, Dubai, Japan, and Australia, to monitor market data of over 80 countries. For more information about Euromonitor, please visit www.euromonitor.com

2.2 Appropriateness for the Proposed Transaction

2.2.1 Objectives and Benefits of the Proposed Transaction

The acquisition of 100% of METRO Vietnam is consistent with BJC's existing strategy to become a leading regional player covering the entire value chain. Following the Proposed Transaction, BJC will become a scale player in the Vietnamese modern trade market as the second largest player in terms of market share. Modern trade business in Vietnam as well as the general economic environment are currently viewed as attractive given the strong forecast growth outlook compared to other countries in the ASEAN. Also, the broader supply chain infrastructure of the Group (post-transaction) from now owning distribution channels both in form of wholesale and retail, may result in business synergies within the Company's existing operations in Vietnam. For example, the METRO Vietnam network may provide additional channels to market for the Group's existing products and services, as well as providing overall cost saving opportunities from co-procurement and the sharing of logistics facilities. This will allow an increase in profit generating capability of the Group, and will consequently strengthen the Company's competitiveness and ensure a good business standpoint for the commencement of AEC in 2015.

With the business potential of METRO Vietnam in various aspects including its store network (both in terms of number of stores and location), available workforce, Information Technology and Customer Relationship Management System, and logistics facilities, together with a series of growth initiatives by BJC's management, there is significant potential to improve the performance of METRO Vietnam and generate an attractive return on investment for the Company in the future.

2.2.2 Advantages and Disadvantages of Entering and not entering into the Proposed Transaction

- **Advantages and Disadvantages of Entering into the Proposed Transaction**

Advantages

1) Investment in business with attractive asset portfolio
   The Proposed Transaction is an investment in a modern trade business with high growth potential in Vietnam. Established in 2002, METRO is the pioneer and the only cash &carry player in Vietnam with a #2 position in the local grocery market in terms of its market share and is well known among consumers. The key contribution of METRO Vietnam's success in modern trade business includes;
   - Broad store network including 19 METRO cash & carry outlets across central business districts and large cities like METRO An Phu[13] and METRO Binh Phu[14], both of which are the pioneer stores that have been continuously generating revenue and profit.
   - An effective Information Technology and Customer Relationship Management with a database of more than 911,000 registered customers, including HoReCa, Traders, and Services and Companies & Offices, which have high purchasing power and are quality-oriented customers.
   - Integrated supply chain infrastructure consisting of warehouses and cross docking distribution centers.

   Therefore, given METRO Vietnam's potential and its position as a strong platform for wholesale operation as mentioned above, along with a series of planned growth initiatives for METRO Vietnam by the Group in various aspects including store layout improvement, active negotiation on trade terms with business partners, human resource management, cost control management, and working capital efficiency improvement etc., there exists a unique opportunity to improve operational performance of the business and earn potentially attractive returns through this investment. Nonetheless, according to post-closing conditions as per the SPA, the Seller and all members of the Seller Group have agreed not to carry on or be engaged in any competing business (defined as any wholesale and cash & carry business) or any food retail business in Vietnam for 30 months. Additionally, the IFA

[13] An Phú is a district of An Giang Province in the Mekong Delta region of Vietnam connecting the two important economies of Vietnam (Ho Chi Minh City and Can Tho) with Phnom Penh, Cambodia

[14] Binh Phu is a district of Thái Nguyên, the ninth largest city in Vietnam. Thai Nguyen is famous for tea and tea plantations as well as the education center.

views that in the case the Seller would like to re-enter those businesses in Vietnam, the Seller will be required to proceed according to the regulation in obtaining an investment license from the relevant authorities all over again, which maybe unlikely to occur.

2) Enhance revenue generating capability and diversification of income sources
The Proposed Transaction provides a business expansion opportunity for the Company in modern trade in Vietnam. In 2013, the Company invested in this business area in Vietnam through Thai An Vietnam Trading Company Limited, providing technical assistance and sourcing service to B's mart, a locally owned CVS store business. In the past few years, Vietnam has demonstrated rapid growth in terms of the overall economy, investment, and domestic consumption. The World Bank forecasts continued economic growth of Vietnam for the years 2014-2016 at 5.5%, 5.6% and 5.8%, respectively, higher than average growth of ASEAN countries of 4.8%, 5.2%, and 5.2% over the same period. In this regard, modern trade is experiencing dynamic growth and consumer behavior changes. Planet Retail expects a compound annual growth rate during 2013-2018 of 16.9%. This is due to the fact that the penetration rate of modern trade in Vietnam is only 4% compared to the average rate of 39.6% of ASEAN countries. The acquisition of METRO Vietnam will therefore create a new source of income and returns on investment for the Company in future, assuming the Vietnam economy continues to grow as forecast and METRO Vietnam's performance is in line with the company's business plans.

3) Quick startup of new business
Through the acquisition of METRO Vietnam, the Company will be able to enter the market quickly and earn its return on investment faster compared to making an investment in an entirely new platform – it would take a significant amount of time to build a store network in locations similar to the existing 19 outlets of METRO Vietnam. Also, investment in an established store network will enable the Company to promptly generate income, and be able to more quickly benefit from the rapid expansion of Vietnam's modern trade market from 2015 onwards. Given the various attractive aspects of the business as highlighted in 1), an investment in METRO Vietnam could lead to success in a high growth modern trade environment.

4) Creation of potential synergies
The Proposed Transaction could create potential synergies among the existing operations of the Group, for example;

- <u>Entry into a new wholesale market segment in modern trade</u>: the acquisition of the target company is an in organic growth opportunity allowing the Company to widen its market coverage to include the wholesale market segment. The company's current distribution channel in Vietnam is through other operators and B's Mart, a locally owned CVS store business, to which Thai An Trading, a subsidiary of BJC, provides technical assistance and sourcing services.

- <u>Expanding of customer base and increase in revenue of the Group</u>: as the major target customers of METRO Vietnam are HoReCa, Traders, and Services and Companies & Offices, by entering into this transaction, it will not only help to expand the Group's customer base to cover target customers of METRO Vietnam but also increase the Group's distribution channels. This has the potential to generate revenue and margin improvement opportunities for BJC's existing products and services, for example, Cellox, the Group's sanitary paper product. The Cellox converting plant is located in Binh Doung province, Vietnam and has operated commercially since September 2011.

- <u>Improving efficiency of logistics management in Vietnam</u>: As a result of sharing infrastructure owned by METRO Vietnam including warehouses and Cross Docking distribution centers located in Hanoi, the northern region and Binh Duong, the southern region of Vietnam, the Group will immediately have more warehouse spaces in more locations (the Company currently has its warehouses located in Ho Chi Minh, Da Nang, Hanoi and Can Tho, which are the main cities housing METRO stores), leading to import/export as well as domestic distribution advantages. Sharing of supply chain infrastructure will lead to improved efficiency in terms of timing management and availability of service areas. At present, the Company is using distribution and transportation services of Thai Corp International (Vietnam) Company Limited and Phu Thai Group Joint Stock Company (Phu Thai Group Joint Stock Company is currently the largest distributor of products to wholesales, retailers and convenience stores in the northern part of Vietnam). The Company will continue to focus on improving the efficiency of its logistics management in Vietnam. The improvement in logistics efficiency could further lead to overall cost savings for the Group.

- Increase efficiency and bargaining power: even with different customer target groups between METRO Vietnam and B's Mart, a locally owned CVS store business to which Thai An Group, a subsidiary of BJC, provides technical assistance and sourcing services, the Company expects co-purchasing of certain products to gain better trading terms. Currently, METRO Vietnam has a high volume of sales, ranked as the second largest operator in terms of market share. While B's Mart operates 93 outlets as of Q2/2014. Following the Proposed Transaction, the Group expects to expand its branch network for both METRO Vietnam and B's Mart, a locally owned CVS store business to which Thai An Group, a subsidiary of BJC, provides technical assistance and sourcing services nationwide.

5) Enhance the Group's competitiveness to be well positioned for stronger growth towards the AEC
The acquisition of METRO Vietnam will lead to an integrated supply chain infrastructure of the Group in Vietnam, ranging from upstream activities as a manufacturer, midstream activities as a distributor and downstream activities as both retailer and wholesaler. In addition, the Company's policy to build business synergies and share resources amongst all its business units could result in lower operational costs while increasing revenue generating capability. Consequently, this is likely to increase the Group's competitiveness in the future, especially towards the commencement of the AEC in 2015. In addition, the acquisition of METRO Vietnam, one of the modern trade leaders in Vietnam, will enlarge the Group's business scale and boost its reputation as a key player in Vietnam as well as in ASEAN countries.

6) Diversification of business
Expanding into Vietnam's modern trade market as a wholesaler will improve variety of business and invested locations for the Group. Diversification helps to reduce the risk of unexpected performance of the existing business portfolio. In 2013 and the first half of 2014, the Group's revenues from packaging supply chain accounted for 42.03% and 41.65% of total revenue, respectively. Revenues from consumer supply chain accounted for 36.88% and 37.91% of total revenue, respectively. Health care and technical supply chain contributed 17.32% and 17.61%of total revenue, respectively. Other business contributed 4.09% and 4.67% of the total revenues respectively. Revenues from domestic business and services accounted for 80.9% and 78.2% of total revenues, respectively, while 19.1% and 21.8% of total revenues were generated from foreign businesses. Overall, 70% and 67.5% of foreign business revenues were generated from business in Vietnam.

7) Consistent with the Group's existing strategy
Following BJC's long-term strategy of becoming a regional leader across the entire value chain in ASEAN, the Proposed Transaction allows the Company to widen its distribution channels to cover both retail and wholesale channels in Vietnam. The Proposed Transaction will assist in the development of integrated supply chain infrastructure, therefore facilitating further expansion into other neighboring countries.

Disadvantages of Entering into the Proposed Transaction

1) Risk of consolidating deteriorated financial results of METRO Vietnam into the Group's financial performance
Upon completion of the Proposed Transaction, METRO Vietnam will become a subsidiary of the Group. Therefore, the Company will consolidate the performance of METRO Vietnam into its financial statements. In the event of potential difficulties in improving METRO Vietnam's performance in the future, the Company's overall financial performance might be impacted. METRO Vietnam's audited financial statements for the 9 months ended 30 September 2013 recorded a loss of VND170.86 million (THB 260.06 million). However, during the interview with management of the Group, post –transaction plans have been prepared which outline strategies to improve METRO Vietnam's performance. Such plans include marketing strategies to boost sales, product mix strategies, cost reduction strategies, and expense control strategies which are all aimed at achieving improved performance of METRO Vietnam.

2) Increasing cost of financing from financial institutions
The extraordinary general meeting of shareholders no.1/2014 will seek approval for the Company and/or its subsidiaries to enter into the Proposed Transaction and also for approval for the increase in the Company's

capital, the allocation of shares pro rata based on shareholding and/or the allocation of any remaining shares from the allocation to shareholders according to the rights offering to specific persons under the private placement scheme. In the case where total offering shares are fully subscribed by existing shareholders, the Company will receive capital funds before tax and expenses for the amount of THB 16,219.55 million or 57.17% of the total transaction amount. The remaining source of funds will be in the form of loans from financial institutions. The Company is in the process of considering terms and conditions of the loans from various financial institutions and deciding on appropriate transaction currencies which could be in Euro and/or Thai Baht as well as appropriate strategies to be put in place to effectively manage the foreign exchange rate risk. The Company expects a loan tenor of not less than 5 years at market interest rates at the time of entering into the new facilities.

By entering into this Proposed Transaction, the Company will incur additional interest expenses from loan financing (according to the financing plan, aside from the long-term loans mentioned above, the Company intends to enter into a bridging loan, provided by financial institutions, ahead of receiving cash from the capital increase and finalizing longer-term debt facilities). As of 30 June 2014, the Company's interest bearing debt was THB 17,917.73 million while the interest bearing debt to equity ratio was 1.00 times. After the transaction, assuming the full subscription of new shares, the Company will then require approximately THB 12,150.45 million of debt financing to fund the remaining portion of the consideration for the Proposed Transaction. As a result, the interest bearing debt of the Company post-transaction will increase to THB 30,068.18 million, or equal to an interest bearing debt to equity ratio of 0.88 times (considering only the financial position of the Company as of 30 June 2014 without taking into account future performance). However, in the event that the capital increase is not fully subscribed, the Company may incur higher level of debts as well as interest expenses. TCC Holding has expressed their intention to over-subscribe the shares exceeding its right in proportion to its shareholding. In this regard, the oversubscription of TCC Holding will be subject to the condition that such oversubscription will not cause TCC Holding to have a duty to make a tender offer for all of the Company's securities.

3) Impact to shareholders from the capital increase

The invitation letter for the extraordinary general meeting no. 1/2014 sets out the Board of Directors' resolution to increase the registered capital by up to 360,434,444 newly issued ordinary shares with the par value of Baht 1 per share or total value of up to THB 360,434,444 million, to the existing shareholders of the Company in the ratio of 2 new shares for 9 original shares and/or to allocate any remaining shares from the Rights Offering to specific persons under the private placement scheme, at THB 45 per share, in order to raise funds for this transaction. In the case where the Rights Offering is fully subscribed by existing shareholders, there will be no control dilution. However, if the existing shareholders do not exercise their entitlement under the Rights Offering, the impact to shareholders will be as follows:

Table 18 Impact to the Shareholders from the Capital Increase*

Events	Control Dilution (%)	Earnings Dilution** (%)	Price Dilution*** (%)
Scenario 1 All shareholders fully exercise their rights	0.00	18.18	3.64
Scenario 2 Shareholders do not exercise their rights	18.18	18.18	3.64

<u>Details of the Calculations of Dilution Effect</u>*

Unit: million shares and THB million

1. Control Dilution	=	number of new shares to be issued / (original number of shares** + number of new shares to be issued)
	=	360.43 / (1,621.96+360.43)
	=	18.18 %
2.Earning Dilution* **	=	(EPS before new shares issue – EPS after new shares issue) / EPS before new shares issue
		(1.22 – 0.99) / 1.22
	=	18.18%

where		
EPS before new share issues and EPS after new share issues	=	Net Profit of previous 4 quarters ended 30 June 2014 / original number of shares
	=	1,971.81 / 1,621.96
	=	THB 1.22 per share
	=	Net Profit of previous 4 quarters ended 30 June 2014 / (original number of shares + number of new shares to be issued)
	=	1,971.81 / (1,621.96 +360.43)
	=	THB 0.99 per share
3. Price Dilution	=	(current share price – share price after new shares issued) / current share price
	=	(56.26– 54.21) / 56.26
	=	3.64%
where		
share price after the new shares issued	=	[(Current share price*** x original number of shares) + (issue price of new shares x number of new issued shares)] / (original number of shares + number of new shares to be issued)
	=	[(56.26 x 1,621.96 million shares) +(45.00x360.43 million shares)] / (1,621.96 + 360.43million shares)
	=	THB 54.21 per share

Notes

* With reference to the resolutions of the Board of Director Meetings No. 8/2014, the number of new shares to be issued is up to 360.43 million shares at THB 45.00 per share. The impact to shareholders will vary from the calculation above if the number of new shares and/or offering price of new shares vary.

** Total number of shares, including new shares from the exercise of ESOP warrants that can happen before the rights offering. As of September 1, 2014, the Company had paid up shares of 1,592.17 million. If calculate by using the existing paid up shares (in the case where none of the ESOP warrants were exercised), the number of new shares to be issued under the Rights Offering will change to 353.82 million shares. Nevertheless, there will be no significant change to the control dilution, earnings dilution and price dilution.

*** the IFA calculated earnings dilution based on the average of the Company's last 4 quarters net profit ending 30 June 2014 which amounted to THB 1,971.81 million. Nonetheless, the Company's operating result is subject to change after the acquisition. In the case that the Company increased its capital during the second half of 2015, the weighted average number of shares would be 1,802.17 million shares, calculated based on 1,621.96 million shares at the first half of the year and 1,982.39 million shares at the second half of the year. In this case, earnings dilution would reduce to approximately 10.00%.

****Price of the Company's shares is calculated using the 15 day weighted average share price (VWAP) ending 19 August 2014, which was the date of the meeting no. 8/2014 of Board of Directors that approved the offering of the newly issued ordinary shares. The VWAP during such period was THB 56.26 per share.

4) Impacts to the Company's ability to pay dividends
The partial source of funding for this transaction is through debt finance, which will result in an increase in liabilities and interest expenses. Together with the fact that METRO Vietnam is currently generating operational losses, if the Company is unable to improve METRO Vietnam's performance as planned, there may be an impact on cash flows from operations to be used for debt repayment and dividend payments to the Company in the future. The dividend payout ratio of the Company from 2011-2013 was 54.18%, 55.24% and 55.04%, respectively. The company dividend payment policy is no less than 50% of consolidated net profit after tax and other legal reserves (if any). The dividend payment will be considered based on the available cash flows and/or any new investments of both existing businesses and potentially new businesses.

5) Risks from investment in new business with limited experience
Since the Company has never been in the business of operating wholesale cash & carry stores (such as METRO Vietnam), it might take time for management to explore the business. The Company might also have to rely on

the knowhow of existing personnel of METRO Vietnam. However, since the Company is a leader in supply chain solutions and retail businesses in Thailand, and also has experience in operating businesses in Vietnam such as manufacturers, export-import service providers, warehouse and logistics service providers and the convenience store business, the Company can make use of their own resources, knowledge and experiences to effectively adapt to the cash & carry business of METRO Vietnam.

6) Impact from the recognition of goodwill in the Company's financial statements
There may be an impact from the recognition of goodwill in the Company's financial statements in the case where the acquisition price of METRO Vietnam is higher than the fair value of METRO Vietnam's net assets as of the closing date. Additionally, upon completion of the Proposed Transaction, in the event that the Group is unable to improve METRO Vietnam's performance, the Company might have to re-evaluate the recorded amount of goodwill, which may impact the Company's financial statement in the future. In this regard, the Company will arrange for the evaluation of METRO Vietnam's fair value of net assets upon completion of the Proposed Transaction (to be presented on a cash-free, debt-free basis), to be compared with the transaction price of EUR 655 million or THB 28,370 million (based on the exchange rate from the Bank of Thailand as of August 6, 2014 at THB 43.3 to EUR 1). Meanwhile, the asset value of METRO Vietnam based on its latest audited financial statements as of September 30, 2013 was VND 6,476,166.87 million or THB 9,856.07 million (based on the exchange rate as of August 6, 2014 from Bloomberg at VND 657.07 to THB 1)

In the case where a significant amount of goodwill is recorded, it might affect the calculation of transaction size pertaining to any acquisition and/or connected transactions of the Company in the future (if any). Nonetheless, the Company's proposed capital increase via a Rights Offering to partially fund the Proposed Transaction is expected to raise the Company's net tangible assets accordingly. Additionally, in case the Company enters into any acquisitions and/or connected transactions in the future, it will comply with all relevant regulations.

Key Risks Associated with the Proposed Transaction

1) Risks associated with the entering into the transaction
   - Risk from the unfulfilled pre-closing conditions: according to the SPA, a number of conditions were set out for the two counterparties to complete before the closing of the Proposed Transaction. These include approval from the shareholders of the Company, the obtaining of confirmation from the relevant authorities in Vietnam that there are no competition issues in relation to the acquisition and the completion of the amended IC which requires processing time within the Vietnamese government. In addition, there must be no material adverse change to the conditions of METRO Vietnam prior to the issue of the amended IC. Failure to satisfy these conditions precedent will result in the Company and/or its subsidiaries being unable to enter into the transaction. Under these circumstances, the expenses relating to the transaction will still need to be accounted for. Some examples of the expenses incurred as result of the Proposed Transaction are due diligence fees, legal advisor fees, bank guarantee fees and financial advisor fees.

   - Foreign Exchange Rate Risk: since the transaction price of EUR 655 million to be paid to the Seller is denominated in Euro currency, there is a risk of exchange rate fluctuations. However appropriate strategies will be put in place to effectively manage this risk.

2) Risk from deteriorating performance of METRO Vietnam
METRO Vietnam's financial performance may not meet the Group's expected plan, which could be due to an unexpected economic slowdown, the delay of execution of operational improvement plans and/or expected synergies among the existing business of the Group not resulting in performance improvement. Other factors which may affect the performance of METRO Vietnam could include a potential increase in competition from new modern trade operators who plan to enter the Vietnamese retail market, or the expansion plans of existing players. For example, Saigon Co-op, the largest retail chain operator in Vietnam made an entry into the hypermarket and large scale warehouse club in 2013 under the brand "Co-op Xtra Plus", and further aim to open one to two new stores each year. The expansion plan of Saigon Co-op in to the wholesale segment is considered a threat to METRO Vietnam's performance as Saigon Co-op will become METRO Vietnam's direct competitor. This could affect the performance of METRO Vietnam in the future. Nonetheless, according to the post-closing condition as per the SPA, the Seller and all members of the Seller Group have agreed not to carry on or be

engaged in any competing business (defined as a wholesale and cash & carry business) or in any food retail business in Vietnam for 30 months. Additionally, the IFA views that in the case the Seller would like to re-enter those businesses in Vietnam, the Seller will be required to proceed according to the regulation in obtaining an investment license from the relevant authorities all over again, which maybe less likely to occur.

3) Risk from the change of METRO Vietnam's trade name
Referencing the interview with the Company's management, the Company plans to change the trade name of METRO to its own brand 12 – 18 months post-closing so that the Company will have enough time to study the market and prepare itself for the use of a new brand for this wholesale channel. As a result, this may have a negative impact on market sentiment especially to the loyal customers of "METRO". This could lead to a decrease in sales, and/or the incurring of extra expenses related to the rebranding that was not originally included in the business plan. That being said, the Company will put in place an appropriate action plan to support the rebranding such as the use of marketing activities.

4) Risk from modern trade restrictions and regulations in Vietnam
At present, there are restrictions and constraints in Vietnam for foreign investment in retail businesses. For example, the requirement for foreign business entities to file for a permit at the state level and municipal level when new stores are to be opened. The approval is based on the result of an economic needs test. To explain further, factors such as population density, number of existing stores in that area and market stability will be taken into consideration. These constraints can result in a bottleneck to open new stores or may cause a delay in METRO Vietnam's new store expansion plan. Henceforth, METRO Vietnam may not be able to fully compete with other domestic competitors. Its performance can also deviate from the overall business plan.

5) Risk from investing in Vietnam
Currently, the Vietnam government is adopting a policy to promote domestic direct investment. Development of infrastructure and amendment of certain restrictions and regulations to support direct investment is happening continuously. Some examples include the assurance from the government not to take ownership of any businesses and to allow 100% ownership of businesses by foreigners. Foreigners are also allowed to use land use rights as collateral for loans. The government also plans to decrease corporate income tax from 22% to 20% in 2016. Despite all these, investing in Vietnam is still subject to a number of constraints. For example, limitations on infrastructure and transportation system, frequent amendment of rules and regulations regarding trade and investment, and increase in wages. These constraints may pose investment risk to the Company after acquiring METRO Vietnam.

2.3 Fairness of the Transaction Price and Conditions

2.3.1 Fairness of the Transaction Price

In evaluating the fairness of the transaction price, the IFA has carried out the following valuation approaches:

1) Discounted Cash Flow Approach
2) Market Comparable Approach
   - Enterprise Value to Sales
   - Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio Approach
   - Price to Earnings Ratio Approach
   - Price to Book Value Ratio Approach
3) Precedent Transaction Approach
   - Implied Enterprise Value to Sales
   - Implied Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio Approach

Details of each valuation approach used to evaluate the fair value of METRO Vietnam are explained below:

1) Discounted Cash Flow Approach

This approach considers the ability of METRO Vietnam to generate future free cash flows based on pro forma financial projections; such free cash flows will then be discounted by the Weighted Average Cost of Capital (WACC) to obtain the net present value of METRO Vietnam. The IFA has prepared the financial projections of METRO Vietnam based on the financial projections received from the Company, which contained financial data reclassified from the Vietnamese Accounting Standard to the International Financial Reporting Standard in accordance with the preparation of the Company's financial statements. Then, the IFA further adjusted certain assumptions in the financial projections to reflect our view on the current market conditions, competition within the industry, and the overall economic environment so as to take a conservative approach. The projected period covers the years 2014 – 2051, corresponding to the remaining period of the investment certificate held by METRO Vietnam. In this regard, we prepared these financial projections under the assumption that there will not be any significant changes that will affect the operations of METRO Vietnam in the future. In the case where any event significantly affects the operations of METRO Vietnam in the future, our valuation may be affected accordingly.

Key assumptions underlying the financial projections are presented as follows:

1) Revenue from sales

The IFA projected revenue from sales by using the average sales per square meter applied to the total sales area of the existing 19 stores and the new 9 stores (where location studies have been conducted and are reasonably certain) to be opened during 2017 – 2021 based on management's expansion plans. Then, the IFA forecasted sales growth for each store opened in different periods of time based on historical actual performance during the years 2011 – 2013, as well as forecast growth rates by management. The table below shows the projected average sales growth across all stores for each year.

Table 19 Growth of Sales Revenue

	2015	2016	2017	2018	2019	2020	2021	2022	2023-2051
Sales growth	6.8%	11.1%	12.9%	14.4%	14.8%	15.2%	12.4%	9.6%	7.9 – 5.5%
Number of stores	19	19	21	23	25	27	28	28	28

Our projected sales of METRO Vietnam for the fiscal year 2014 (ended September 30, 2014), which is the period prior to closing, is similar to the actual sales figure in 2013 and is in line with the actual performance of METRO Vietnam during the first 9-month period of 2014 (1 October 2013 – 30 June 2014) recorded in its internal financial statements. For fiscal year 2015, sales growth is projected at 6.8% per annum (while the forecast inflation rates in Vietnam as per the IMF Economic Outlook Report are 6.3% and 6.2% for 2014 and 2015 respectively). Given the Company's plan to focus on core target customers based on its market analysis of Segmenting-Targeting-Positioning Analysis (STP) as well as further adjustments of product assortments to better suit Vietnamese consumers such as increases in product variety, improvement of shelf space layout, etc. We view that those initiatives by the management could contribute to a higher sales growth, which is projected at 11.1% per annum in 2016. Nonetheless, with management's plan to change the "METRO" brand to BJC's own brand in 2017, it is expected that sales growth (per sq.m.) in that year might be slightly lower at 7.0% per annum. Post the brand change, sales growth (per sq.m.) is expected to improve to 8.0% per annum in the 2018 – 2022 period. Then, we applied the long term sales growth (per sq.m.) of 7.0% per annum in the 2023 – 2027 period, slowing down to 5.5% – 6.5% per annum from 2028 onwards. Our projected sales growth in 2017 – 2022 also reflects additional growth from the opening of new stores.

2) Cost of goods sold

The IFA projected cost of goods sold for each type of product based on the following factors: actual cost of products sold in 2013 – 2014, which were on average 88.2% of total sales revenue; an estimation based on Company management's plan to decrease the proportion of food products and increase the proportion of non-food products, which have exhibited a higher gross profit margin; the plan to improve product management efficiency; active negotiation with suppliers and the initiative to co-procure certain products with B's mart, the existing convenience store operator in Vietnam. All these factors could contribute to a higher gross profit margin in the future. Therefore, the IFA projected costs of goods sold as a proportion of total sales revenue to be 87.0% in 2015 and lower at 86.3% in 2016 and thereafter.

3) Selling and administrative expenses

Selling and administrative expenses include employees' salary and benefits, advertising and public relation (PR) expenses, service fees paid to METRO A.G., energy costs, maintenance expenses, and rental fees. The IFA projected these expenses based on the actual amount incurred during the years 2011 – 2013 together with the estimates by the Company's management. Details of the forecasts are presented as follows:

- Employees' salary and benefits: based on the monthly salary rate of employees and the number of employees in both stores and head office, together with the Company's plan in human resource management during 2015 – 2016 to further improve workforce productivity. During 2017 – 2021, salary and benefits are projected to further grow at 9.5% – 13.5% per annum due to an increase in the number of employees following the new store roll out. From 2022 onwards, salary and benefits are projected to grow at 6.6% per annum, gradually slowing to 4.1% per annum in 2051. These forecasts are consistent with the projected sales growth in each relevant period.
- Advertising and PR expenses: given the Company's plan to phase out METRO's brand during 2016 – 2017, the IFA therefore forecast an increase in advertising and PR expenses at 1.2% and 1.85% of sales revenue each year, respectively. During 2018 – 2021, to support the opening of new stores, advertising and PR expenses are estimated at 1.1% of sales revenue, declining to 1.0% from 2022 onwards, consistent with the historical average figure.
- The METRO A.G. fees: consists of franchise fee, expat salaries, and IT service fee. The IFA forecasted these fees based on the conditions under the Transitional Service Agreement for the types of services that the Company will be obtaining from METRO A.G.
- Energy cost: based on the actual cost incurred per square meter of sales area and applying a range of growth rates between 4.5% – 7.0% per annum.
- Maintenance expenses: based on actual expenses incurred per square meter during 2011 – 2013 together with management estimates, and applying a range of growth rates between 7.0% - 8.0% per annum.
- Land lease payment: based on current rates of land lease payments together with management estimates.

4) Capital Expenditure (CAPEX)

The IFA projected the capital expenditure of METRO Vietnam based on management forecasts with certain adjustments made based on our view. These capital expenditures will be financed entirely by the internal cash flows of METRO Vietnam. The capital expenditures can be divided into three categories as follows:

- Store renovation CAPEX (excludes normal maintenance expenses which are included in selling and administrative expenses): the IFA projected store renovation CAPEX at VND 80,000 million per year during 2015 – 2016 with a further increase of 5.0% per annum from 2017 onwards.
- Additional CAPEX for new IT systems, customer relationship management systems, and related hardware and equipment: the Company's management expect to invest VND 985,611 million during 2018 – 2020 in a new IT system.
- New stores expansion CAPEX: the IFA projected investment for the construction of new stores based on historical investment cost per square meter of METRO Vietnam with a future growth rate of 5.0% per annum applied.

Table 20 Projection of Capital Expenditure

VND Million	2017	2018	2019	2020	2021	2022
Store renovation	84,000	88,200	92,610	97,241	102,103	107,208
IT & customer relationship management system	-	525,659	262,830	197,122	-	-
Investment in new stores	723,793	759,983	797,982	837,881	439,887	-
Total Capital Expenditure	**807,793**	**1,373,842**	**1,153,421**	**1,132,244**	**541,990**	**107,208**

5) Working Capital

The IFA projected the average collection period, the average inventory period, and the average payable period of METRO Vietnam based on the actual figures in 2013 and the estimates from Company management as follows:

Table 21 Projection of The Company's Working Capital

Items	2015	2016	2017	2018	2019	2020 Onward
Average collection period (days)	2.5	2.5	2.5	2.5	2.5	2.5
Average inventory period (days)						
- Food products (days)	22	20	20	20	20	20
- Others (days)	75	72	72	72	72	72
Average payable period (days)	38	40	42	45	47	49

6) Discount Rate

The IFA applied the Weighted Average Cost of Capital (WACC) as a discount rate to calculate the present value of free cash flows to the firm. WACC can be calculated based on the following equation.

$$\boxed{WACC = Ke*[E/(D+E)]+Kd*(1 - t)*[D/(D+E)]}$$

Cost of equity ("Ke") is necessary in order to calculate the WACC. Ke can be derived from the Capital Asset Pricing Model (CAPM) based on the following equation.

$$\boxed{Ke = Rf + \beta\ (Rm - Rf)}$$

Where

Rf = Risk-free rate based on the 30-year Thai government bond yield as of 6 August 2014, the preparation date of this report, which equates to 4.15% (Source: www.thaibma.or.th)

β = Beta coefficient of comparable companies being MAKRO, BIGC, PGOLD and DAIRYFARM, who operate similar "cash & carry" and "hypermarket" retail outlets in ASEAN, over the 3 year period until 6 August 2014. The IFA calculated the Unlevered Beta of these comparable companies to remove the impact of the companies bearing different capital structures by using the following equation: Unlevered Beta = Levered Beta /[(1+Tax)*$(D/E)_{\text{Comparable company}}$]. Then, we relevered the obtained Unlevered Beta based on the targeted capital structure of METRO Vietnam by using the following equation: Levered Beta = Unlevered Beta*[(1+Tax)*$(D/E)_{\text{METRO Vietnam}}$]. The resultant Beta is 1.082.

Rm = The expected market return based on the average change in SET index during the past 35 years from 1979 – 2013, which equates to 12.11% (Source: www.set.or.th and the IFA's calculation)

Based on the aforementioned assumptions, Ke can be calculated as follows:

Table 22 Calculation of the Cost of Equity

Items	Assumptions
Risk-free Rate (1)	4.15%
Risk Premium (Rm – Rf) (2)	7.96%
β (3)	1.082
Cost of Equity or Ke (4) = (1) + [(3)*(2)]	**12.76%**

The cost of equity (Ke) shown in the Table above is 12.76%. However, to reflect an incremental risk possibly arising from making an investment abroad, the IFA therefore included a country risk premium as per the study by Damodaran in 2014 (Aswath Damodaran. (January2014), Country Default Spreads and Risk Premiums (Source: www.stern.nyu.edu)), at a rate of 2.25% for the investment made in Vietnam. As a result, Ke increases to 15.01%. Given this Ke, WACC is calculated at 10.79%. Details of which are shown in the Table below:

Ke = Cost of equity of 15.01%, calculated using the Capital Asset Pricing Model (CAPM) shown in the equation above.

Kd = Cost of debt of 9.50%. The IFA estimated this Kd using the average interest rates of corporate debentures issued in Vietnam (Source: Bloomberg)

t = METRO Vietnam's corporate tax rate of 22.00%

D/(D+E) = METRO Vietnam's target debt ratio

Table 23 Calculation of the Weighted Average Cost of Capital (WACC)

Factors	Assumptions
Cost of Equity or Ke (1)	15.01%
Cost of Debt or Kd (2)	9.50%
D/(D+E) (3)	55.56%
Corporate tax rate or t (4)	22.00%
WACC or Discount Rate (5) = {(1)*[1-(3)]} + {(2)*[1-(4)]*(3)}	**10.79%**

7) Terminal Value

To calculate the terminal value, the IFA made the assumption that METRO Vietnam will continue to operate its business on a going concern basis with a long-term perpetual growth rate of zero percent based on a conservative view.

Summary of projected free cash flows is shown in the following Table.

(VND MILLION)	2015 (Jan –Sep)	2016	2017	2018	2019	2020	2021	2022	2023 - 2051
Earnings before interest and taxes	**131,385**	**467,945**	**367,515**	**486,200**	**723,027**	**841,376**	**1,031,492**	**1,317,049**	**198,198,594**
Less tax	-	(43,164)	(73,503)	(97,240)	(144,605)	(168,275)	(206,298)	(263,410)	(39,639,719)
Add depreciation and amortization	210,221	269,202	360,076	521,706	655,370	786,388	843,630	835,087	9,975,995
Less capital expenditures	(61,547)	(82,035)	(807,793)	(1,373,842)	(1,153,421)	(1,132,244)	(541,990)	(107,208)	(7,015,545)
Add working capital	181,033	236,411	140,214	232,714	222,812	268,603	111,827	81,561	5,536,288
Add terminal value	-	-	-	-	-	-	-	-	109,685,341
Free cash flow	**461,092**	**848,359**	**(13,491)**	**(230,462)**	**303,182**	**595,849**	**1,238,661**	**1,863,080**	**276,740,955**
Net present value of free cash flow	**20,499,863**								

From the above calculation, the fair value of METRO Vietnam on a cash-free and debt-free basis is VND 20,499,863 million. In addition, the IFA has performed a sensitivity analysis in order to analyze the impact to the valuation from the variation of certain factors to illustrate the impact in a case where the performance of METRO Vietnam deviates from our base case projection. We selected two factors that significantly contribute to the value of METRO Vietnam with which to perform the sensitivity analysis aspresented below.

Table 24 Sensitivity Analysis

Scenario	Enterprise Value	
	(VND million)	(THB million)
Base Case	20,499,863	31,199
Scenario 1 Sales growth increase or decrease 20% from base case	19,710,073 – 21,289,647	29,997 – 32,401
Scenario 2 Gross margin increase or decrease 5% from base case	19,162,446 – 21,837,280	29,163 – 33,234

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

According to the sensitivity analysis shown above, the fair value of **METRO Vietnam is in the range of THB 29,163 – 33,234 million**, which is 2.80% - 17.15% higher than the transaction price of THB 28,370 million.

2) Market Comparable Approach

Market Comparable Approach is a relative valuation approach that determines the fair value of METRO Vietnam based on the market ratios of the comparable listed companies who operate a similar business and are within the same industry as METRO Vietnam. This valuation approach is performed with the key underlying assumption that the financial ratios of the selected comparable companies such as Enterprise Value to Sales ("EV/Sales"), Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization ("EV/EBITDA"), Price to Earnings Ratio ("PER") and Price to Book Value Ratio ("PBV") possess comparable characteristics to one another. Under this valuation approach, the IFA has only selected a group of listed companies that operate "cash & carry" and "hypermarket" retail outlets within the ASEAN region as the comparable peers in order to reflect similar business operations as well as similar economic conditions and competitive environments to METRO Vietnam, shown as follows:

Table 25 List of Comparable Companies to METRO Vietnam

Comparable Company	Listing Country	Platform	Business characters
1. Siam Makro Public Company Limited	Thai	Cash&Carry	Operator of cash and carry outlets under the brand "MAKRO", which targets small to medium business customers. At the end of 2013, MAKRO had 64 cash and carry outlets, located both in Bangkok and other provinces, together with 5 Siam Frozen stores, which operate a smaller food shop format.
2.Big C Super Center Public Company Limited	Thai	Hypermarket	BIGC operates 2 main businesses including retail and property businesses (lease of shop areas). Currently, BIGC operates many types of outlets, with a total of around 559 outlets at the end of 2013. These outlets consist of 119 hypermarkets (i.e. Big C Supercenter, Big C Xtra and Big C Jumbo), 30 Big C Markets, 278 Mini Big C, and 132 "Pure" pharmacy shops by Big C.
3. Puregold Price Club Inc	Philippines		Retail chain operator in Philippines having many types of outlets including "Hypermarket", "Supermarket", "Supercenter" and "Membership Warehouse Club". At the end of 2013, PGOLD operated 210 outlets consisting of 111 hypermarkets, 67 supermarkets, 25 supercenters, 4 Company E, 3 Parco supermarkets.
4.DairyFarm International Holdings Ltd	Singapore		A leading Asian retailer who operates retail chains (including supermarkets, hypermarkets, convenience stores), health and beauty stores, home furnishings stores and restaurants under various brands namely Giant, IKEA, 7-Eleven, Cold Storage, Hero, Mannings, Maxim's and Wellcome. As of 2013, total number of outlets was 5,889.

Source: Annual report for 2013 of each company

To perform the valuation under this market comparable approach, the IFA used 1) Enterprise Value to Sales ("EV/Sales") 2) Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization ("EV/EBITDA") 3) Price to Earnings Ratio ("PER") and 4) Price to Book Value Ratio ("PBV"). The details of the valuation are presented below.

A) Enterprise Value to Sales Approach

In determining the fair value of METRO Vietnam by using the enterprise value to sales approach, the IFA used the forward EV/Sales ratios of the aforementioned 4 comparable listed companies for the years 2014 – 2016 to obtain the average value, details of which are shown as follows:

Table 26 Average Forward EV/Sales of Comparable Companies

Comparable Companies	2014	2015	2016
MAKRO	1.3	1.2	1.0
BIGC	1.6	1.4	1.3
PGOLD	1.3	1.1	0.9
DAIRY	1.2	1.1	1.0
Average Forward EV/Sales	**1.4**	**1.2**	**1.1**

Source: Information as of 6 August 2014 from FactSet.

The IFA then calculated the fair value of METRO Vietnam by multiplying the average forward EV/Sales ratios obtained above with the forecast sales of METRO Vietnam during 2014 – 2016. Details of the calculations are presented as follows:

Table 27 Fair Value of METRO Vietnam based on EV/Sales Multiple

Year (VND Million)	Average Forward EV/Sales (times) (1)	Forecast sales (2)	Enterprise Value (3) = (1) x (2)
2014	1.4	14,116,623	19,159,255
2015	1.2	15,076,863	18,050,711
2016	1.1	16,752,068	17,628,761
Fair Value of METRO Vietnam (VND Million)			**17,628,761 – 19,159,255**
Fair Value of METRO Vietnam (THB Million)			**26,829 – 29,158**

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the EV/Sales ratio approach, **fair value of METRO Vietnam on a cash-free and debt-free basis is between THB 26,829 – 29,158 million**, which is lower than the proposed transaction price at THB 28,370 million by 5.43% and higher by 2.78%.

B) Enterprise Value to Earnings Before Interest, Tax, Depreciation and Amortization Ratio Approach

In determining the fair value of METRO Vietnam by using the enterprise value to EBITDA approach, the IFA used the forward EV/EBITDA ratios of the aforementioned 4 comparable listed companies for the years 2014 – 2016 to obtain the average value, in which details are shown as follows:

Table 28 Average Forward EV/EBITDA of Comparable Companies

Comparable Companies	2014	2015	2016
MAKRO	24.0	20.0	16.4
BIGC	14.5	12.7	11.2
PGOLD	14.7	12.2	10.1
DAIRY	17.1	15.2	13.7
Average Forward EV/EBITDA	**17.6**	**15.0**	**12.9**

Source: Information as of 6 August 2014 from FactSet

The IFA then calculated the fair value of METRO Vietnam by multiplying the average forward EV/EBITDA ratios obtained above with the forecast EBITDA of METRO Vietnam during 2014 – 2016. Details of the calculations are presented as follows:

Table 29 Fair Value of METRO Vietnam based on EV/EBITDA Multiple

Year (VND Million)	Average Forward EV/EBITDA(times) (1)	Forecast EBITDA (2)	Enterprise Value (3) = (1) x (2)
2014	17.6	386,774	6,797,552
2015	15.0	417,673	6,275,530
2016	12.9	699,345	8,986,585

Year (VND Million)	Average Forward EV/EBITDA(times) (1)	Forecast EBITDA (2)	Enterprise Value (3) = (1) x (2)
Fair Value of METRO Vietnam (VND Million)			6,275,530 – 8,986,585
Fair Value of METRO Vietnam (THB Million)			9,551 – 13,677

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the EV/EBITDA ratio approach, **fair value of METRO Vietnam on a cash-free and debt-free basis is between THB 9,551 – 13,677 million,** which is lower than the proposed transaction price at THB 28,370 million by 51.79% – 66.34%.

C) Price to Earnings Ratio Approach

In determining the fair value of METRO Vietnam by using the price to earnings ratio approach, the IFA used the forward P/E ratios of the aforementioned 4 comparable listed companies for the years 2014 – 2016 to obtain the average value, details of which are shown as follows:

Table 30 Average Forward PER of Comparable Companies

Comparable Companies	2014	2015	2016
MAKRO	37.5	30.9	25.3
BIGC	25.7	22.1	19.0
PGOLD	24.7	20.7	17.5
DAIRY	27.7	24.6	22.3
Average Forward PER	**28.9**	**24.6**	**21.0**

Source: Information as of 6 August 2015 from FactSet

The IFA then calculated the fair value of METRO Vietnam by multiplying the average forward P/E ratios obtained above with the forecast earnings of METRO Vietnam during 2014 – 2016. Details of the calculations are presented as follows:

Table 31 Fair Value of METRO Vietnam based on PER Multiple

Year VND Million	Average Forward PER(times) (1)	Forecast Earnings (2)	Equity Value (3) = (1) x (2)	Net Interest Bearing Debt (4)	Enterprise Value (5) = (3) + (4)
2014	28.9	(7,324)	n/a	n/a	n/a
2015	24.6	107,280	2,636,404	4,341,424	6,977,828
2016	21.0	462,188	9,717,495	4,341,424	14,058,919
METRO Vietnam Fair Value (VND Million)				**6,977,828 – 14,058,919**	
METRO Vietnam Fair Value (THB Million)				**10,620 – 21,396**	

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the PER approach, **fair value of METRO Vietnam on a cash-free and debt-free basis is between THB 10,620 – 21,396 million,** which is lower than the proposed transaction price at THB 28,370 million by 24.58% – 62.57%.

D) Price to Book Ratio Approach

In determining the fair value of METRO Vietnam by using the price to book value ratio approach, the IFA used the forward P/BV ratios of the aforementioned 4 comparable listed companies for the year 2014 to obtain the average value, details of which are shown as follows:

Table 32 Average Forward P/BV of Comparable Companies

Comparable Companies	2014
MAKRO	15.6
BIGC	4.4
PGOLD	3.4
DAIRY	9.3
Average Forward P/BV	**8.2**

Source: Information as of 6 August 2014 from FactSet

The IFA then calculated the fair value of METRO Vietnam by multiplying the average forward P/BV ratio obtained above with the forecast shareholders' equity of METRO Vietnam as of 30 September 2014, which was VND 78,045 million. Details of the calculation are presented as follows:

Table 33 Fair Value of METRO Vietnam based on P/BV Multiple

Unit: VND Million

Average Forward P/BV(times) (1)	Forecast Book Value (2)	Equity Value (3) = (1) x (2)	Net Interest Bearing Debt(4)	Enterprise Value (5) = (3) + (4)
8.2	78,045	638,020	4,341,424	4,979,444
Fair value of METRO Vietnam (VND Million)			**4,979,444**	
Fair value of METRO Vietnam (THB Million)			**7,578**	

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the P/BV approach, **fair Value of METRO Vietnam on a cash-free and debt-free basis is THB 7,578 million,** which is lower than the proposed transaction price at THB 28,370 million by 73.29%. In this regard, the net asset value of METRO Vietnam shown above is based on the book value of its investment costs which have been made since 2002 and thereafter. These asset values have not been reappraised to reflect present market values.

3) Precedent Transaction Comparable Approach

The Precedent Transaction Comparable Approach determines the fair value of METRO Vietnam by taking in to consideration similar transactions that have previously taken place in the market. We have selected precedent transactions involving purchases and sales of entire ownership stakes in operators of "cash & carry" and "hypermarket" outlets to reflect similar transactions that have adequate public information available for our analysis. We also disregarded precedent transactions that took place prior to the preceding 3 years from our valuation date. The key underlying assumption for this valuation approach is that the transaction price of the precedent transactions in the market could reflect the appropriate amount of premium or discount to be incorporated in the offer price in the case of the acquisition of a 100% ownership stake. The list of comparable precedent transactions are shown in the following Table.

Table 34 List of Selected Precedent Transactions involving Cash & Carry and Hypermarkets Operators

Transaction Date	Acquirer	Target	Acquired Stakes	Enterprise Value (USD Million)	Implied EV/EBITDA(times)	Implied EV/Sales (times)
April 2013	CPALL	Siam Makro	100%	6,462	30.9	1.6
March 2012	Puregold Price Club Inc	Kareila Management Corporation*	100%	393	16.1	2.5

Source: Publicly available information, news and reports of independent financial advisors
Remark: Kareila Management Corporation owns and operates S&R warehouse club membership stores, which is cash & carry stores, in the Philippines.

In determining the fair value of METRO Vietnam by using the precedent transaction approach, the IFA used the implied EV/Sales and implied EV/EBITDA ratios of the aforementioned precedent transactions for the calculations, details of which are shown as follows:

A) Implied Enterprise Value to Sales Approach

The IFA multiplied the range of implied EV/sales ratios of the said precedent transactions with the forecast sales of METRO Vietnam for 2014. Details of the calculation are presented as follows:

Table 35 Fair value of METRO Vietnam based on Implied EV/Sales ratios of precedent transactions

Items	Implied EV/Sales
Range of Implied EV/Sales	1.6 – 2.5
Forecast Sales for 2014 (VND Million)	14,116,623

Items	Implied EV/Sales
Range of Enterprise Value (VND Million)	**22,832,761 – 35,770,340**
Range of Enterprise Value(THB Million)	**34,749 – 54,439**

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the implied EV/Sales approach, **fair value of METRO Vietnam on a cash-free and debt-free basis is between THB 34,749 million - 54,439 million**, which is higher than the proposed transaction price at THB 28,370 million by 22.49% - 91.89%

B) Implied Enterprise value to Earnings Before Interest, Tax, Depreciation and Amortization Ratio Approach

The IFA multiplied the range of implied EV/EBITDA ratios of the said precedent transactions with the forecast EBITDA of METRO Vietnam for 2014. Details of the calculation are presented as follows:

Table 36 Fair value of METRO Vietnam based on Implied EV/EBITDA ratios of precedent transactions

Items	Implied EV/EBITDA
Range of Implied EV/EBITDA	16.1 – 30.9
Forecast EBITDA for 2014 (VND Million)	386,774
Range of Enterprise Value (VND Million)	**6,215,457 – 11,933,946**
Range of Enterprise Value(THB Million)	**9,459 – 18,162**

Note: Exchange rate as of 6 August 2014, THB 1 = VND 657.07 (source: Bloomberg)

Based on the implied EV/EBITDA approach, **fair value of METRO Vietnam on a cash-free and debt-free basis is between THB 9,459 million - 18,162 million**, which is lower than the proposed transaction price at THB 28,370 million by 35.98% - 66.66%.

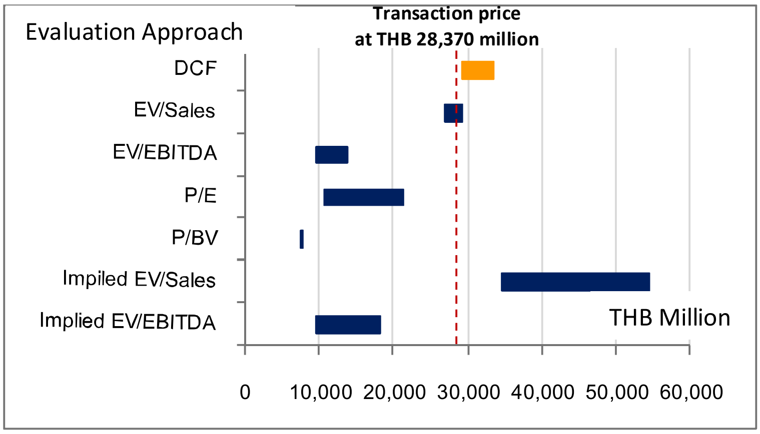
Summary of valuation by Independent Financial Advisor

Each valuation approach employed by the IFA to evaluate the fair value of METRO Vietnam presented in the section above has its own advantages and disadvantages. The Market Comparable Approach that relies on the financial ratios of comparable companies such as EV/Sales, EV/EBITDA, PER and P/BV as the valuation benchmark exhibit certain limitations. This is because the details involving the operations of each comparable company are different in terms of product mix, target customers, size of the business, competitive environment in each country and liquidity of shares trading in each listed market. Therefore, the average financial ratios of the selected comparable companies may not be the appropriate benchmark to accurately value the operations of METRO Vietnam. Thus, the IFA views that this approach is inappropriate.

Under the Precedent Transaction Comparable Approach, the pricing of each transaction may reflect various factors that are specific to each transaction. For example, each target company has different business models and asset qualifications, differences in market environment and growth potential in each country, and there are also differences in the timing of each transaction, necessity of the acquirer to enter into the transaction, and expected synergies with the acquirer etc. With that said, the IFA views that this approach is inappropriate for the valuation of METRO Vietnam.

Although the Discounted Cash Flow Approach relies on various input assumptions, it is able to reflect the potential of METRO Vietnam in generating future cash flows from its operations upon the implementation of operational improvement plans by the Company's management. Therefore, the IFA views that **fair value of METRO Vietnam on a cash-free and debt-free basis based on the Discounted Cash Flow Approach, which ranges between THB 29,163 - 33,234 million and is higher than the proposed transaction price of THB 28,370 million by 2.80% - 17.15%, is appropriate.**

Chart 4 Range of Fair Value Evaluated by the IFA



2.3.2 Fairness of the Transaction Conditions

The IFA has considered the conditions of the Transaction as stipulated in the SPA, a summary of which is shown in Part 2, item 2.1.2 of this report. We view that the terms and/or conditions under the agreement are intended to preserve the assets in the same condition as agreed by both parties prior to closing. Also, these terms and/or conditions will help ensure that the Company can promptly take over operations of METRO Vietnam upon its acquisition and benefit from the Transaction as planned. These terms and conditions include but are not limited to the following:

- The Company has the option to obtain certain types of services from Metro AG to support the business operations of METRO Vietnam for the 24 months period upon closing in accordance with the conditions agreed under the Transitional Service Agreement. This will help support the Company to promptly take over operations of METRO Vietnam after its acquisition.
- The pre-closing conditions that require the completion of the investment certificate (IC) amendment to be under the name of the Company and/or its subsidiaries as well as the obtaining of confirmation from the relevant authorities in Vietnam that there are no competition issues in relation to the acquisition, will help protect the interests of the Company. Although it requires the Company submit the full transaction amount in the form of a bank guarantee within 2 business days prior to the submission date of the first filing of the IC amendment (whereby the Seller will be entitled to claim the amount under the said bank guarantee only when the amendment of IC has been completed), we view that this condition is merely to protect the interests of the Seller and should be considered normal business practice as once the IC is amended, the ownership will be immediately transferred to the Buyer and effective according to the law, regardless of the receipt of the payment by the Seller.
- The condition which allows the final purchase price to be adjusted in the case where the Buyer is negatively affected by a breach of warranties by the Seller so that the Buyer is in a similar position as it would have been had such material breach of warranties not occurred.
- The condition that the Buyer shall be entitled to terminate this Agreement if there is material fraud by the Seller and the payment to the Buyer of damages for the fraud would be an inadequate remedy in the circumstances.
- The agreed condition that the Seller will not operate any competing business with METRO Vietnam for a period of 30 months after closing.

The IFA views that the aforementioned terms and/or conditions could help mitigate the possible risks that may occur in relation to the Company. For example, these conditions help to mitigate the risk that the business of METRO Vietnam is materially different from that based on the information obtained prior to the closing date, and helps to mitigate the risk of poor performance of METRO Vietnam post-acquisition due to the immediate change of management and trading name. With the aforementioned reasons, the IFA considers that **<u>the terms and conditions underlying this acquisition of METRO Vietnam are considered to be appropriate.</u>**

Part 3 Summary of Independent Financial Advisor's Opinion

Based on our analysis in relation to the appropriateness of the transaction including the fairness of the acquisition price and conditions of the transaction, the IFA views that this asset acquisition transaction by the Company **is appropriate** due to the following reasons:

1. The Proposed Transaction represents an investment in a scale modern trade business in Vietnam that will allow the Company to make a rapid entry into the market and earn return on investment earlier compared to making its own investment in an entirely new platform. METRO Vietnam, at present, is the second largest operator of modern grocery outlets in Vietnam in terms of its market share and is well-known among consumers. In addition, the assets of METRO Vietnam including but not limited to its branches located in central economic districts and populated urban areas, its unique customer database as well as its information technology system to support customer relationship management, and its integrated supply chain infrastructure are key contributors to its success. Hence, with these quality assets under the management of the Company, coupled with plans to improve the performance of METRO Vietnam by focusing on operational efficiency, the Company could thus have an opportunity to benefit from the Proposed Transaction and earn potential return from this investment.

2. The Proposed Transaction will enlarge the Company's investment in modern trade businesses in Vietnam, where growth of the economy and modern grocery market is expected to increase. Currently, the penetration rate of modern grocery outlets within the overall grocery retail market in Vietnam is still low compared to the average of other countries in ASEAN, thus, the modern grocery market in Vietnam is expected to grow significantly in the future. As a result, the enlarged investment of the Company in Vietnam could generate a new source of income as well as returns on investment to the Company.

3. An investment in METRO Vietnam could generate potential synergies with the Group's existing business. For example, the Company will have more channels to market for its existing consumer products, allowing those products to better reach the overall Vietnamese consumers as well as the target customers of METRO Vietnam; improving revenue and profit generating capability of the Group. Also, the efficiency of the overall logistics management of the Group in Vietnam is expected to be improved through the sharing of logistics facilities, and potential cost of goods sold and other costs savings may arise from the creation of a larger, scale player.

4. Upon the completion of the Proposed Transaction, the Group will have an integrated and more complete supply chain in Vietnam, ranging from upstream activities as a manufacturer, midstream activities as a distributor and downstream activities as both retailer and wholesaler. This is one of the Company's strategies to lower its operational costs as well as enhance its opportunities to capture increased margin across the value chain. This will also increase the Group's competitiveness in the future, especially towards the commencement of the AEC in 2015.

5. This investment in modern trade through the acquisition of a wholesale operator in Vietnam will allow the Group to diversify its business portfolio, both in terms of investment location and type of the business activity. This could help mitigate any risks or any negative impacts that may occur in relation to the main businesses of the Group, should they not perform in-line with future plans. In addition, this investment will support the Group's mission of being "the leader in manufacturing and distribution of daily use consumer products in the ASEAN region".

6. The transaction price in the amount of EUR 655.00 million (THB 28,370 million) paid by the Company is appropriate based on the range of fair value of THB 29,163 – 33,234 million for METRO Vietnam evaluated by the IFA using the Discounted Cash Flow Approach (details of the fair valuation are shown in Part 2, item 2.3.1 of this report).

7. The pre-closing conditions as well as the conditions stipulated in the SPA (details are shown in the Summary of the SPA in Part 2, item 2.1.2 of this report) are the terms and/or conditions that will help protect the Company in obtaining the asset in the same condition as was agreed by both parties prior to closing. Also, these terms and/or conditions will help ensure that the Company can promptly operate METRO Vietnam upon its acquisition. The pre-closing conditions and other conditions stipulated in the SPA include but are not limited to the completion of the amendment of Investment Certificate; the obtaining of confirmation from the relevant authorities in Vietnam that

there are no competition issues in relation to the acquisition; the rights of the Company in obtaining certain services from METRO AG for a certain period of time in return for the payment of fixed service fees, which also include the fees paid for the use of METRO's brand (the Company plans to transition METRO's brand to its own brand within 12 – 18 months post-closing so that it would have enough time to study the market and prepare itself) and the use of IT systems; and the agreement that the Seller will not operate any competing business with METRO Vietnam for a period of 30 months after closing. All of these conditions will help mitigate various risks that might occur to the Company and allow the Company to benefit from this investment as planned.

Hence, the shareholders should **approve** the entering into of this transaction. However, there are **disadvantages and risks** that the shareholders should take into consideration before making the decision to approve the Proposed Transaction which are as follows:

1. The Company may encounter the risk of not earning the planned return on its investment from its acquisition of METRO Vietnam or the potential impairment of such investment in the case the performance of METRO Vietnam could not be improved as expected, which could arise from factors such as:
   - The operational improvement plan of METRO Vietnam by the Company's management cannot be executed as planned (which includes the implementation of marketing strategies to increase sales, adjustment of product mix and improved control and management of cost and expenses), and/ or the expected synergies with the Group's existing business do not result in the overall improvement of the Group's performance.
   - The unexpected slowdown of the Vietnamese economy and/or slowdown in the growth of modern trade, and the impact of certain restrictions imposed on foreign operators of modern trade businesses in Vietnam such as regulations that require foreign operators to file for a permit at the state level and municipal level every time they plan to open a new branch or store. The approval will be granted based on the result of an economic needs test.
   - Higher competition in Vietnam's modern grocery market coming from the expansion plan of Saigon Co-op into the wholesale channel, which is considered a direct competitor of METRO Vietnam as well as the expansion plans of other indirect competitors to open new branches of hypermarkets and supermarkets. Nonetheless, according to post-closing conditions as per the SPA, the Seller and all members of the Seller Group have agreed not to carry on or be engaged in any competing business (defined as any wholesale and cash & carry business) or any food retail business in Vietnam for 30 months. Additionally, the IFA views that in the case the Seller would like to re-enter those businesses in Vietnam, the Seller will be required to proceed according to the regulation in obtaining an investment license from the relevant authorities all over again, which maybe unlikely to occur.

   In the event that the performance of METRO Vietnam cannot be improved as mentioned above, its cash flows from operations as well as cash flows to be received by the Company will be impacted accordingly. Thus, the Company's capability in debt repayment and dividend payment could also be affected. This may happen in the case where management cannot turn around the performance of METRO Vietnam to its target level.

2. Upon completion of the Proposed Transaction, the Company's consolidated performance might be negatively impacted due to the following factors:
   - The consolidation of operating losses of METRO Vietnam in the Company's group financial statements in the event that the Company is unable to improve METRO Vietnam's performance going forward.
   - Increase in financial costs from debt financing to partially fund the Proposed Transaction. In the event that the shareholders fully subscribe to the newly issued shares of the Company (the Company will receive a gross amount of THB 16,219.55 million before deducting any related expenses, representing 57.17% of the total transaction size), the Company will then require approximately THB 12,150.45 million of debt financing to fund the remaining portion of the Proposed Transaction. As a result, the interest bearing debt of the Company post-transaction will increase to THB 30,068.18 million, or equal to an interest bearing debt to equity ratio of 0.88 times (considering only the financial position of the Company as of 30 June 2014 without taking into account future performance afterwards). However, in the event that the capital increase is not fully subscribed, the Company may incur higher level of debts as well as interest expenses. TCC Holding has expressed their intention to over-subscribe the shares exceeding its right in proportion to its shareholding. In this regard, the oversubscription of TCC Holding will be subject to the condition that such oversubscription will not cause TCC Holding to have a duty to make a tender offer for all of the Company's securities.

- Impact from the recognition of goodwill in the Company's group financial statements in the case the acquisition price of METRO Vietnam is higher than the fair value of METRO Vietnam's net assets as of the closing date. Additionally, upon completion of the Proposed Transaction, in the event that the Group is unable to improve METRO Vietnam's performance, the Company may be required to re-evaluate the recorded amount of goodwill, which may impact the Company's financial statements in the future. In this regard, the Company will arrange for the evaluation of METRO Vietnam's fair value of net assets upon the completion of the Proposed Transaction (adjusted to be presented on a cash-free, debt-free basis), to be compared with the transaction price of EUR 655 million or THB 28,370 million (based on the exchange rate from the Bank of Thailand as of August 6, 2014 at THB 43.3 to EUR 1). Meanwhile, the asset value of METRO Vietnam based on its latest audited financial statements as of September 30, 2013 was VND 6,476,166.87 million or THB 9,856.07 million (based on the exchange rate as of August 6, 2014 from Bloomberg at VND 657.07 to THB 1). In the case where a significant amount of goodwill is recorded, it might affect the calculation of transaction size pertaining to any acquisition and/or connected transactions of the Company in the future (if any). Nonetheless, the Company's proposed capital increase via Rights Offering to partially fund this transaction is expected to raise the Company's net tangible assets accordingly. Additionally, in the case where the Company enters into any acquisitions and/or connected transactions in the future, it will comply with all relevant regulations.

3. The Company's capital increase to fund this investment in METRO Vietnam would result in a 3.64% price dilution and 18.18% earnings dilution[15] to existing shareholders, who do not exercise their rights to subscribe to the newly issued shares (details of this calculation are shown in Part 2, item 2.2.2 of this report).

Finally, the Company is exposed to other risks, such as foreign exchange risk as the purchase price is denominated in Euro currency (however appropriate strategies will be put in place to effectively manage this risk), and the risk of incurring expenses relating to the Proposed Transaction when pre-closing conditions may not be fulfilled and the Company may be unable to enter into the Proposed Transaction. These costs could include due diligence fees, legal advisor fees, bank guarantee fees and financial advisor fees.

Jaydee Partners Limited, as the Independent Financial Advisory of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the independent financial advisor is based on the information which has been received from the Company as well as interviews with the Company's management, publicly available information and other relevant documents. The Independent Financial Advisor assumes that all information received is truthful and correct. Therefore, if the said information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the Independent Financial Advisor. Therefore, the Independent Financial Advisor is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the Independent Financial Advisor is only to provide comments to the shareholders, and providing this opinion does not warrant the accomplishment of the Proposed Transaction and any impact flowing from the Transaction to the Company.

[15] Earnings dilution would reduce to approximately 10% if assuming that the Company increased its capital during the second half of 2015, and hence the earnings dilution calculation is based on a weighted average number of shares across the entire year.

This English report of the Independent Financial Advisor's opinion has been prepared solely for the convenience of foreign shareholders of the Company and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

Mrs. Duangjai Lorlertwit	*Ms. Jirayong Anuman-Rajadhon*
(Mrs. Duangjai Lorlertwit)	(Ms. Jirayong Anuman-Rajadhon)
Executive Partner	Managing Partner / Operation Controller

Jaydee Partners Limited, the Independent Financial Advisor