

CropPro Co. Ltd.

Summary Business Plan

Presented to



Team:
Bangkok University Graduate School
MBA - Thai Program

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I Introduction

This summary business plan outlines an investment opportunity of Baht 20 million in a new venture initiated by CropPro Co., Ltd. The return on investment is 21%. Investors may exit the project through sale of equity to other investors. The plan briefly describes the production and marketing of Straight Vegetable Oil (SVO) from Camelina Sativa in Thailand.

II Camelina Sativa and its uses

Camelina Sativa, also known as False Flax, is an oilseed plant native to Central and Southwest Asia that adapts well to different climate and soil types. It was once a common agricultural crop and source of oil in Europe. It is now drawing more attention and research due to two factors: the rising petroleum prices increasing the viability of biodiesel as fuel, and the growing demand for “functional” foods with proven health effects. Camelina Sativa oil are suitable for both uses.

As Figures 1 and 2 show, the pressing of Camelina Sativa seeds produces two outputs: Straight Vegetable Oil (SVO) for numerous uses and presscake for use as animal feed.

Fig. 1: Outputs of the cold pressing process

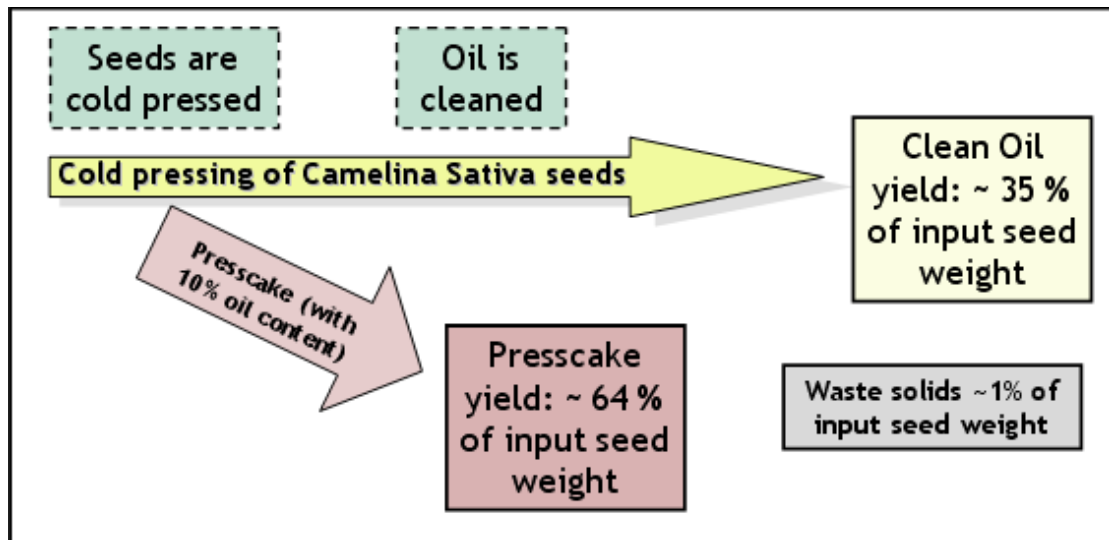
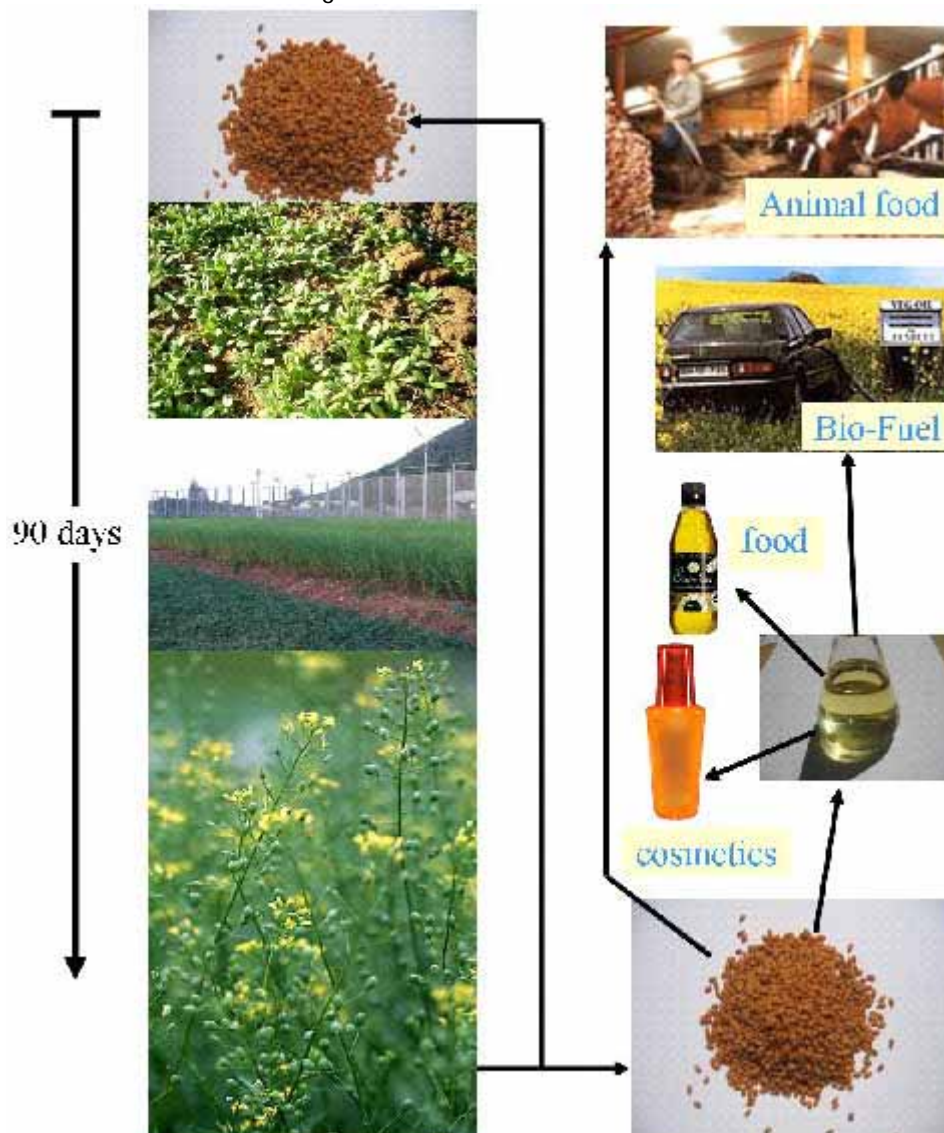


Fig. 2: Uses of Camelina Sativa



III Target markets and strategy

CropPro will focus on B2B, selling oil for industrial uses (e.g. biodiesel and for producing electricity) and to companies that produce food oil for consumer use, and selling presscake animal feed to an intermediary that resells it to farmers and agrcorporations.

The recent rise in petroleum prices is making Camelina Sativa SVO a viable alternative for producing electricity and for running factory engines, farm machines and automobiles. Due to its low viscosity, the prospects for using Camelina Sativa SVO as biodiesel are good because of Thailand's high ambient temperature.

CropPro has already negotiated a contract with a domestic electrical power plant that will purchase 8 million litres of Camelina Sativa SVO per year. There are also other potential buyers, e.g. 7,000 industrial manufacturers who use oil to run machines in Nakhon Ratchasima alone. Negotiations with a partner in Europe are at an advanced stage to export Camelina Sativa SVO for food oil use there.

The sourcing strategy is based on contract farming. Farmers receive free seeds from CropPro and will be reimbursed for land preparation costs. After harvesting, CropPro will have the contractual right and responsibility to buy all seeds from the farmers at a guaranteed price per kg.

IV Company Structure and management team

Board of Directors

	Investment (millions of Baht)	% of Equity
Mr. Khomdej Shaweevong President and CEO of CropPro, with 10 years of experience as CEO of an architectural company.	7	15.56
Mr. San Shaweevong Director of R&D, has years of experience in agricultural research and crop development	6	13.33
Dr. Johannes Schmitz Director, has extensive experience of Camelina Sativa seed crossing and cultivation	2	4.44
Mrs. Orawan Kongthed Legal expert with experience of working with the Thai Government on agricultural policy	2	4.44
Capt. Dr. Samai Jai-in Advisor for R&D for CropPro, Dr. Samai is a Director of R&D in the Royal Thai Navy working in biodiesel-related projects initiated by H.M. the King	2	4.44
Dr. Vanchai Ariyabuddhiphongs Financial Advisor, Professor of Management and Finance at Bangkok University Graduate School, former senior executive at Siam City Bank with 15 years of experience in banking and finance	2	4.44

Management Team

Mrs. Runglawan Skulmalaitong Director of Marketing	1	2.22
Mr. Songklod Wongchai Director of Finance, formerly Vice President for Research at Finansia Securities Ltd.	1	2.22
Mr. Antti Nyrhinen Director of International Business, formerly employed in the marketing unit of Raisio Petfood in Finland	1	2.22
Mr. Pongchat Limvichit Director of Operations	1	2.22

The equity ownership of the Board of Directors and the Management Team amounts to 25 million Baht, or 55.56% of total investment. The remaining 20 million Baht of the planned start-up equity of 45 million will be offered to PTT PLC, Maharaj Kankaset Co. Ltd and other interested investors.

V Projected sales and financial data

The initial equity of 45 million Baht will be used for the construction of a processing plant, purchase of machinery and meeting other start-up costs.

Financial Summary:

- Authorized Share Capital : 45 million bath
(4.5million ordinary shares @10 Baht)
- Project period : 5 years
- NPV at discount rate 8% : THB 205,339,623.71
- IRR : 19%
- Payback period : 3.54 years

Unit: Baht

Year	2007	2008	2009	2010	2011
Net Profit (Mio.)	65.3	32.3	64.2	72.6	71.1
EPS	14.52	7.17	14.27	16.14	15.79
ROA (%)	75.81	147.52	268.73	380.19	481.62
ROE (%)	31.26	48.60	64.90	73.84	79.53
Dividends/share	0	0	2.15	5.00	5.65

VI The venture capital proposition

CropPro is seeking a total of THB 45 million in equity capital from investors. From the third year onwards, the company plans to pay dividends of 30%, 35% and 35% from net income of the previous year.

Exit Strategy

- CropPro will return 100% of money invested plus 5% interest to each investor who wants to exit the business.
- CropPro will place its shares in an IPO in 2012. Investors may expect a capital gain of THB 143.37 per share (P/E ratio of 10).

VII Conclusion

The cultivation and production of *Camelina Sativa* in Thailand will have a positive effect on Thailand's agricultural sector and provide investors with a good return. With this, we are confident that our proposed business plan will prove to be a profitable investment and request an opportunity to present it in full.