



Sugar



Ethanol



Bio-Fertilizer




Electricity



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We are Natural Energy Innovation for All



- Create income for farmers through efficient processes and high quality agricultural yields.
- Continuous improvement on technology and R&D to efficiently increase agricultural yields.
- Create an environment that mutually benefits our partners of success.
- Develop down-stream businesses to maximize the usage of raw materials, byproducts, and other resources.





The Leading Producer of  
environmental-friendly Renewable Energy



**Sugar**  
Energy for Human



**Ethanol**  
Energy for Automobiles







## Bio-Fertilizer

Energy for plants

## Electricity

Energy for Equipment  
and Machinery

# GENERAL COMPANY INFORMATION

## Khon Kaen Sugar Industry Public Company Limited

**Type of Business :** Manufacturer of Sugar and by products  
**Main Product :** Raw Sugar, High Pol Sugar, White Sugar and Refined Sugar  
**Public Company No. :** 01075747000214  
**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
 Tel. +66 2 6426 191-9 Fax. +66 2 6426 097  
**Factory (Branch 1) :** 43 Moo 10, Nampong-Kranuan Rd., Nampong, Khon Kaen Province 40140, Thailand  
 Tel. +66 43 432 902-6 Fax. +66 43 441 056  
**Factory (Branch 2) :** 255 Moo 4 Nong Ya Plong Sub-district, Wangsaphung District, Loei Province 42130, Thailand  
 Tel. & Fax. +66 42 810-931  
**Homepage :** www.kslsugar.com

## Sugar Business Information :

### Tamaka Sugar Industry Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products  
**Main Product :** Raw Sugar, White Sugar and Refined Sugar  
**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
 Tel. +66 2 6426 229-39 Fax. +66 2 6426 228  
**Factory :** 14/1 Moo 10, Saengchooto Rd., Tamaka Sub-district, Tamaka District, Kanchanaburi Province 71120, Thailand  
 Tel. +66 34 543 201-3 Fax. +66 34 640 208

### New Krung Thai Sugar Factory Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products  
**Main Product :** Raw Sugar, White Sugar and Refined Sugar  
**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
 Tel. +66 2 6426 229-39 Fax. +66 2 6426 228  
**Factory :** 99 Moo 6, Lumlang Sub-district, Boploy District, Kanchanaburi Province 71160, Thailand  
 Tel. +66 34 615 350 Fax. +66 34 615 399

### New Kwang Soon Lee Sugar Factory Co., Ltd.

**Type of Business :** Manufacturer of Sugar and by products  
**Main Product :** Raw Sugar, High Pol Sugar, White Sugar and Refined Sugar  
**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd., Rajathevi District, Bangkok 10400, Thailand  
 Tel. +66 2 6426 229-39 Fax. +66 2 6426 228  
**Factory :** 24 Moo 1, Ban-Nhongbua Rd., Mon-Nang Sub-district, Panutnikom District, Chonburi Province 20140, Thailand  
 Tel. +66 38 788-203-5 Fax. +66 38 462 431-2

## Savannakhet Sugar Corporation (SSC)

**Type of Business :** Sugar Cane Plantation and Sugar Mill  
**Main Product :** Raw Sugar and By products  
**Head Office :** Rd. No. 9, KM. 81 Lianxay Village  
**& Factory** Atsapangthong District Savannakhet Province, Lao P.D.R  
 Tel. (856) 41 666 002-3 Fax. (856) 41 666 001

## Koh Kong Plantation Co., Ltd. (KPT)

**Type of Business :** Sugar Cane Plantation  
**Head Office :** Cham yeam Village, Paklong Commune, Mondulseyma District, Koh Kong Province, Kingdom of Cambodia  
 Tel. (855) 35 399 333

## Koh Kong Sugar Industry Co., Ltd. (KSI)

**Type of Business :** Sugar Mill and Terminal  
**Main Product :** Raw Sugar and By products  
**Head Office :** Cham yeam Village, Paklong Commune, Mondulseyma District, Koh Kong Province, Kingdom of Cambodia  
**& Factory** Tel. (855) 35 399 888

## Support Business Information :

### Thai Sugar Terminal Public Co., Ltd.

**Type of Business :** Terminal and Warehouse  
**Head Office :** 90 Moo 1, Soi Siamlo, Poochaosamingprai Rd., Pheapradaeng District, Samut Prakarn Province 10130, Thailand  
 Tel. +66 2 3942 340-9  
 Fax. +66 2 3842 261, 3842 263

**KSL Export Trading Co., Ltd.**

**Type of Business :** Sugar and Related products exporting activities

**Head Office :** 503 KSL TOWER 21<sup>st</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 203-6 Fax. +66 2 6426 207

**KSL Agro and Trading Co., Ltd.**

**Type of Business :** Trading domestic sugar and operating  
agricultural businesses

**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 097

**Branch Office :** 83 Moo 2, Wattananakorn Sub - District,  
Wattananakorn District, Sakaew Province  
27160, Thailand  
Tel. +66 37 262-236 Fax. +66 37 262-235

**Wynn In Trading Co., Ltd.**

**Type of Business :** Trading and consultancy service

**Head office :** 10<sup>th</sup> Floor, Raffles Tower, 19 Cyber City Ebene,  
Republic of Mauritius.

**Energy and Chemical Business Information :****Khon Kaen Alcohol Co.,Ltd.**

**"Rename KSL Green Innovation Public Company Limited**

**Since 14 October 2016"**

**Type of Business :** Producing Alcohol for gasohol and Producing  
Biofertilizer

**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 0 2642 6738

**Factory :** 88 Moo 10, Nampong-Kranuan Rd., Nampong  
**(Branch 1)** District, Khon Kaen Province 40140, Thailand  
Tel. +66 43 441 141, 441 084  
Fax. +66 43 441 204

**Factory :** 99/2 Moo 6, Lumlang Sub - District,  
**(Branch 2)** Boploy District, Kanchanaburi Province 71160,  
Thailand  
Tel. +66 34 615 351-3 Fax. +66 34 615 354

**Khon Kaen Sugar Power Plant Co., Ltd.**

**Type of Business :** Electricity Production

**Head Office :** 503 KSL TOWER 17<sup>th</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 191-9 Fax. +66 2 6426 294

**Factory :** 43 Moo 10, Nampong-Kranuan Rd., Nampong  
**(Branch 1)** District, Khon Kaen Province 40140, Thailand

Tel. +66 43 441 051-2 Fax. +66 43 441 244

**Factory :** 99/1 Moo 6, Tumbon Lumlang Amphur Boploy,  
**(Branch 2)** Kanchanaburi Province 71160, Thailand  
Tel: +66 34 615 356-7 Fax : +66 34 615 359

**Factory :** 255/1-2 Moo 4 Nong Ya Plong  
**(Branch 3)** Sub-district, Wangsaphung District,  
Loei Province 42130, Thailand  
Tel. & Fax. +66 42 810-931

**Other Business :****KSL Real Estate Co., Ltd.**

**Type of Business :** Real Estate Development and Training Center

**Head Office :** 503 KSL TOWER 9<sup>th</sup> Floor, Sriyudhya Rd.,  
Rajathevi District, Bangkok 10400, Thailand  
Tel. +66 2 6426 221-3 Fax. +66 2 6426 224

**References :****Company Register****Thailand Securities Depository Co., Ltd.**

93 Rachadapisek Rd.,Dindeang, Dindeang,  
Bangkok 10400, Thailand  
Tel. +66 2 009 9000 Fax. +66 2 009 9991

**Auditor****Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.**

Rajanakarn Bldg. 25<sup>th</sup> Floor 183 South Sathorn Rd., Yannawa  
Sub-District, Sathorn District, Bangkok, 10120 Thailand  
Tel. + 66 2 676 5700 Fax. + 66 2 676 5757

# FINANCIAL SUMMARY

Income Statement Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Sales and Services	16,911	17,475	-3%	19,185
Cost of Sales and Service	(13,279)	(13,783)	-4%	(14,358)
Gross Profit from Sales & Services	3,632	3,692	-2%	4,827
Other Incomes	1,422	523	172%	447
Gross Profit from other Income	5,055	4,216	20%	5,274
Selling Expense	(542)	(618)	-12%	(623)
Administration Expense	(758)	(659)	15%	(727)
Management Remuneration	(141)	(140)	1%	(193)
Proceeds to Fund	(1,150)	(1,157)	-1%	(992)
Total cost	(2,591)	(2,575)	1%	(2,534)
Profit before financial cost and tax	2,464	1,641	50%	2,740
Financial cost	(710)	(817)	-13%	(834)
Share of Profit of Associated Company	57	55		(11)
Corporate Income Tax	(371)	(39)	848%	(109)
Non-Controlling interest	(14)	22		(159)
Net Profit	1,426	862	66%	1,626
EPS	0.32	0.21	50%	0.48
Gross Margin from Sales & Service	21.5%	21.1%		25.2%
Net Profit Margin	8.4%	4.9%		8.5%
Balance Sheet Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Cash & Short Term Investment	85	175	-51%	168
Trade and Other receivables	1,407	2,119	-34%	1,969
Short Term Loans	1,273	1,097	16%	1,234
inventories	2,552	3,394	-25%	3,992
Other Current Asset	85	92	-7%	94
Investment in an associate	387	357	8%	295
Other long - term investments	371	374	-1%	369
long term loans	358	480	-25%	445
Deferred Cane Plantation Cost	407	518	-21%	543
Investment property	4,496	3,355	34%	3,141
Property, plant and equipment	26,029	24,758	5%	25,183
Other non - current asset	925	800	16%	697
Total Asset	38,375	37,517	2%	38,131
Current Liabilities	10,591	8,028	32%	13,649
Non-Current Liabilities	11,134	15,047	-26%	10,683
Total Liabilities	21,724	23,075	-6%	24,332
Total Shareholder's Equity	16,650	14,442	15%	13,799
D/E Ratio	1.30	1.60		1.76
IBD/E Ratio	1.13	1.47		1.55
Cash Flow Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Net Profit + Depre. + Non Cash	2,428	2,785	-13%	3,875
Change in Working Capital	1,585	(1,319)		(2,278)
from Operating Activities	4,012	1,466	174%	1,598
Invest in PP&E	(1,282)	(573)	124%	(2,638)
from Investing Activities	(1,320)	(552)	139%	(3,195)
from Financing Activities	(2,797)	(782)	258%	1,708
Change in Cash Flow	(86)	0		57
Ending Cash	82	168		256
Depreciation	1,118	1,139	-2%	1,131



# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Khon Kaen Sugar Industry Public Company Limited and its subsidiaries are leading producers and sellers of sugar in Thailand. There are five factories in the planting areas in Thailand and two factories, each in Lao PDR and Cambodia. The group of Companies also invests substantially in energy business, namely, electricity and ethanol so as to add value to the products and to optimize the sugar cane raw materials subject to environmental care. At present, the group owns three electricity plants and two ethanol plants.

In 2016, the group of companies experienced more negative factors, which had adverse effect to normal business, from climate conditions and business conditions both within and from outside Thailand than it had in 2015. The business operation was accordingly conducted with due care. Even now, some fluctuations and uncertainties from external factors still exist. However, it is foreseen that the business operation should be better in 2017, as several positive factors starts to take effect.

The Company has policy to operate its business sustainably; that is to create an appropriate balance among business growth, environment care, social responsibility and good corporate governance. The Board of Directors approved strategies and business plans regarding those matters so as to respond to the policy. This year, the Company has provided for the first time the Sustainability Report as an integral part of the Annual Report. The Report discloses information in respect of sustainable development in accordance with the criteria set by Global Reporting Initiative (GRI-G4). The Company shall keep improving the Sustainability Report for the benefits of investors and other stakeholders.

At the end of 2016, the Company was honored to jointly organize the 29th International Society of Sugar Cane Technologists (ISSCT) in Thailand. The 121 participants had an observation tour at the sugar mill, electricity plant, ethanol plant and bio-gas plant at Amphur Nampong, Khon Kaen with a warm welcome by the executives. Additionally, the participants had an opportunity to visit our Sufficiency Economy Learning Center at Amphur Nampong, Khon Kaen where the group of companies had supported and promoted to help build a community that could rely on themselves by applying the Sufficiency Economy Principles given by the late King Rama IX for their daily lives and their earnings throughout the whole year.

On behalf of the Board of Directors, I would like to thank all staff of the group who had contributed so much to help propel the Company to sustainable growth. Likewise, I would like to express my gratitude to the shareholders and all business partners who had continually extend their supports. The Company is committed to continuous development and sustainable growth along with responsibilities to society, community and environment.

Manu Leoparote

## MESSAGE FROM CHIEF EXECUTIVE OFFICER AND PRESIDENT



The consolidated financial position statement of 2016 of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries reveals the net profit of 1,426 million Baht which increases 66 per cent from the last year operation that saw the net profit of 862 million Baht. The increase of profit, nonetheless, comes from the re-appraisal of properties for investment. The net profit pursuant to the specific financial position statement of Khon Kaen Sugar Industry PLC shows 234 million Baht.

In 2016, the group of companies confronted various fluctuations from external factors that have negative effects to the profit making capability, e.g., drought in Thailand which lessens the supply of sugar cane, declining oil price which generally pulls down commodity price and directly affects the decreasing selling price of electricity and ethanol. However, the Company attempted to increase manufacturing productivity and control cost at appropriate level. As a result, the business operation in major businesses, namely, sugar, ethanol and electricity in 2016 did not drop much when compared with the previous year.

As for the year 2017 projection, the world sugar price is inclined to climb to more than 20 cents per pound because it is predicted that the world sugar production shall be less than the 2016-2017 consumption at approximately 5-6 million tons per year. The ethanol price is expected to go higher because of more demand for the fuel blending; provided that the production may be limited by supply of raw materials and production capacity. Nonetheless, the world economy is still subject to various uncertainties, e.g., the new U.S. President's policy, variation of interest rate and foreign exchange of major currencies, currency value of major sugar producing countries, trade barriers and substitute energy policy, etc. These uncertainties could affect the Company's operation and need appropriate management.

On 30 September 2016, the Board of Directors approved the listing of a subsidiary – Khon Kaen Alcohol Co., Ltd. (recently changed the entity name to KSL Green Innovation Public Company Limited) in the Stock Exchange of Thailand. The listing is now in process. The subsidiary produces and sells ethanol which use molasses from sugar production as raw material. It has two ethanol plants; one at Amphur Nampong in and Khon Kaen and the other at Amphur Boploy in Kanchanaburi. The Subsidiary has a plan to focus on investment in expanding production capacity and value-add products from the main product.

On behalf of Khon Kaen Sugar Industry PLC, I would like to express my gratitude to our shareholders, employees, suppliers, customers and other stakeholders including financial institutions who have warmly supported us. I hope that the Company shall be honored to receive continuing support from all our valued stakeholders.

A handwritten signature in black ink, appearing to read 'C. Chinthammit'.

Chamroon Chinthammit

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee was appointed by the Board of Directors to be responsible for internal auditing, financial report auditing, and to promote and ensure the Company's compliance with the Code of Best Practices for Listed Companies enabling good corporate governance and the efficiency and effectiveness of the corporate risk management and internal audit system.

The Audit Committee shall serve three years term and can rotate among other independent directors. In 2016, the Audit Committee members include

1. Mr. Sitti	Leelakasemlurk	Chairman
2. Mr. Worapat	Todhanakasem	Committee
3. Ms. Nongluck	Phinainitisart	Committee
4. Mr. Karun	Kittisataporn	Committee

All members are knowledgeable in accounting, finance, and legal area. Mr. Sitti Leelakasamelurk, Chairman of the Audit Committee, possesses sound knowledge, understanding, professional experience in accounting and finance. He qualified to perform his duties in reviewing the reliability of financial statements in accordance with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

In 2016, the Audit Committee has 5 meetings with internal control, the management, and auditor as following details:

Name	No. of Meeting
1. Mr. Sitti Leelakasemlurk	5/5
2. Mr. Worapat Todhanakasem	5/5
3. Ms. Nongluck Phinainitisart	4/5
4. Mr. Karun Kittisataporn	4/5

A summary of the important work performed by the Audit committee during the year are as follows:

## 1. The accuracy and reliability of financial reporting.

The Audit Committee has reviewed the quarterly financial statements and consolidated financial statements for the year ended 2016 as of October 31, 2016 to propose to the Board of Directors for approval. The Audit Committee discussed with the Internal Audit, auditor and the management to ensure that the Company's financial reports are accurate, complete and reliable. All documents are prepared in accounting standards and adequately and timely disclosure for the benefit of investors.

## 2. Good governance

Board of Directors and the executives focus on the principles of corporate governance. The Company supports policies anti-corruption policy, reviews the complaints, and comply with the principle of corporate governance

## 3. Risk Management

The Audit Committee has considered and reviewed the risk assessment along the COSO-ERM Enterprise Risk Management Bureau. In order to assess the risk factors that may affect the business of the Company both in short and long term. The Company also reviewed the results of the risk management on a quarterly basis to ensure that management has implemented risk management to the operating properly.

## 4. The adequacy of the internal control system

The Audit Committee reviews the adequacy of the internal control with the Internal Audit, and auditor on a quarterly basis. They deemed the Company has adequate internal control with reliable financial reporting.

## 5. The appropriateness of transactions that may have conflicts of interest.

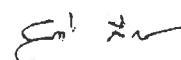
The Audit Committee has reviewed the disclosure of transactions between the Company and its subsidiaries and associates which may have a conflict of interest according to the SEC and the SET. The summary is that the Company has operated under normal business conditions with a fair, reasonable without conflict of interests.

## 6. Compliance with laws and regulations of the SEC, the SET and laws related to the business of the Company.

The Audit Committee has reviewed the implementation of the laws together with the Legal Department and Internal Audit. There is no essential issue show that company's practice is contrary to the laws, rules and regulations related to the business of the Company.

## 7. The suitability of the auditor

The Committee agreed that Auditors, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. has the expertise and good knowledge of the Company. It operates independently, justly, and consistently delivers its work on time. Consequently, the Committee recommends the Board propose the shareholder's meeting to continue appointing Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd as its auditor for the year in 2016.



Mr. Sitti Leelakasamelurk  
Chairman of the Audit Committee

# THE BOARD OF DIRECTORS

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Mr. Manu Leopaibrote  
Chairman  
Independent Director



Mr. Chamroon Chinthammit  
Chief Executive Officer and  
President



Mr. Prapas Chutimavoraphand  
Director  
Executive Director



Mr. Pornsin Thaemsirichai  
Director  
Executive Director



Mr. Sukhum Tokaranyaset  
Director  
Executive Director



Mr. Thawatchai Rojanachotikul  
Director  
Executive Director





Mrs. Intira Sukhanindr  
Director  
Executive Director



Ms. Duangdao Chinthammit  
Director, Executive Director  
Nomination and  
Remuneration Committee



Mr. Somchai Chinthammit  
Director  
Executive Director



Ms. Duangkae Chinthammit  
Director  
Executive Director



Mr. Somchart Chinthammit  
Director, Executive Director  
Nomination and  
Remuneration Committee

# THE BOARD OF DIRECTORS

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Mr. Tachpong Pakornsiriwongse  
Director  
Executive Director



Mr. Chalush Chinthammit  
Director  
Executive Director  
Risk Management Committee



Mr. Chatri Chinthammit  
Director



Mr. Pramoon Vichiensin  
Independent Director,  
Chairman of the Nomination  
and Remuneration Committee



Pol. Gen. Boonpen Bumpenboon  
Independent Director,  
Chairman of the Risk Management Committee  
Corporate Governance Committee



Mr. Sitti Leelakasamelurk  
Independent Director,  
Chairman of the  
Audit Committee,  
Risk Management Committee



Mr. Karun Kittisataporn  
Independent Director,  
Audit Committee,  
Corporate Governance Committee  
Nomination and  
Remuneration Committee



Mr. Worapatr Todhanakasem  
Independent Director,  
Audit Committee,  
Risk Management Committee  
Chairman of the  
Corporate Governance Committee



Ms. Nongluck Phinainitisart  
Independent Director,  
Audit Committee,  
Corporate Governance Committee



Mr. Trakarn Chunharojrit  
Director,  
Executive Director



# OVERVIEW OF BUSINESS OPERATION AND POLICY



**Khon Kaen Sugar Industry Public Company Limited** has the policy to operate its business ethically and responsibly towards society, and the environment. It place emphasis on conducting transparent operations, respecting human rights standards, and safeguarding the interests of all stakeholders through the following vision, mission, and quality policy:

## **Quality Policy**

To produce high quality sugar, achieve efficient operation, make on-time delivery, ensure customer's satisfaction and consumer's safety.

## **Vision**

We are natural energy innovation for all.

## **Mission**

1. Create income for farmers through efficient processes and high quality agricultural yields.
2. Continuous improvement on technology and R&D to efficiently increase agricultural yields.
3. Create an environment that mutually benefits our partners of success.
4. Develop down-stream businesses to maximize the usage of raw materials, byproducts, and other resources.

Long term goal of the company is to be one of the leaders in sugar, by-product, and value added productions which can be shown in company's sugar policy: *"production of quality sugar with high efficiency, prompt delivery, winning customers' trust, consumption safety"*. This policy has encouraged company's 5 sugar factories to be widely accepted as one of the highest efficiency and highest quality sugar production groups in Thailand. In addition, with the goal of being one of leading companies in by-product and value added production and with the vision on the potential growth in related – sugar businesses, such as ethanol business, power business, and organic fertilizer business, the company has made continuous investments in these sectors which to date has been successful and highly satisfactory.

The company's short term goal is to be one of the leaders in the industry who excels in cost management and productivity. The goal can be achieved by applying modern technology to the corporate production and management systems. Furthermore, the company is aware that its primary risk is the amount of cane it is able to procure for crushing. The sugar factories and other integrated businesses cannot sustain without adequate cane crushed. The company, hence, aims to reduce the farmers' cane cultivation cost as well as to improve their productivity yields and efficiency. Its objective is to help the farmers sustain their living and receive higher return on their investment as well as to remain productive farmers to our businesses.

## Important Changes and Developments During the Past 3 Years

In 2012, after performing feasibility study and other required assessments, the company decided to make further investment to expand its electricity power plant and sugar factory in Nampong district of Khon Kaen province. Electricity power plant production capacity will be 65 MW, up from 30 MW and sugar crushing capacity will increased by 8,000 tons of cane sugar/ day, totaling to 35,000 tons of sugarcane/ day. The expansion project was completed in 2014.

In 2016, the board of directors has approved to invest in Loei project at Wangsapung district, Loei province which consists of expansion of sugar mill from 18,000 to 34,000 tons of sugarcane/day and expansion of power plant from 40 to 75 MW plus boiler with 220 tons steam.



Moreover in 2016, the board of directors No.7/2015-2016 on September 30, 2016 has approved Initial Public Offering plan for the KSL Green Innovation Public Company Limited or previously named Khon Kaen Alcohol Co., Ltd, by offering newly share to public not more than 30% of total paid-up capital.

## Company Overview

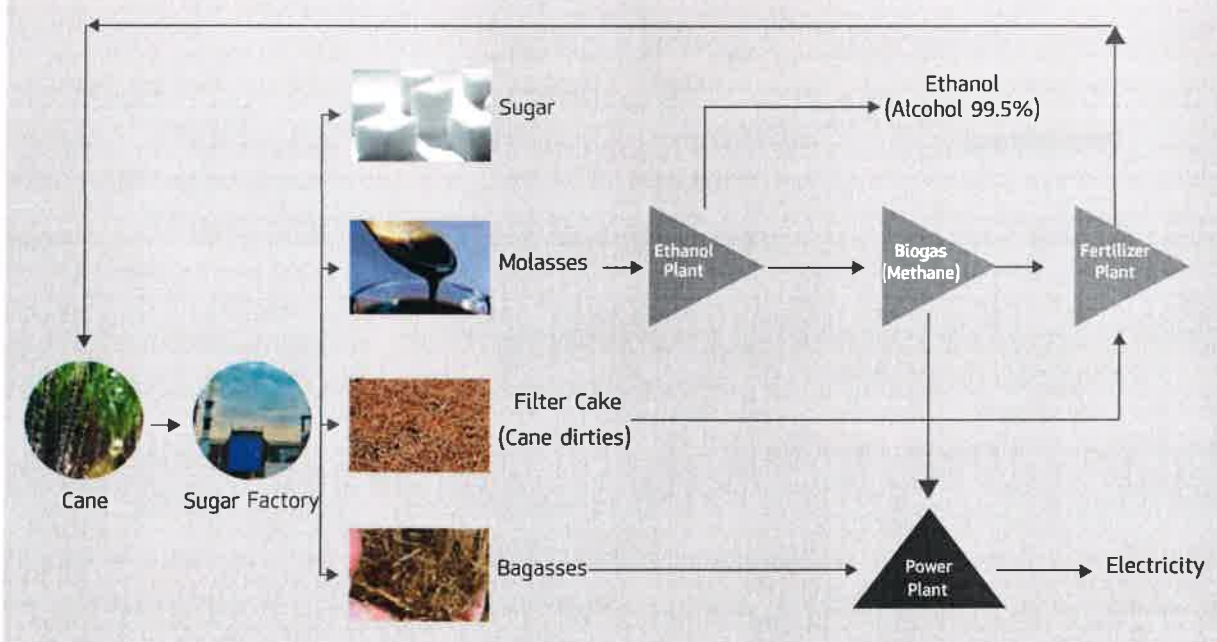
Khon Kaen Sugar Industry Public Company and its subsidiaries, under KSL, are Thailand 3<sup>rd</sup> largest sugar producer group. The company has 5 sugar factories in the group, located in three different regions, as follows:

1. Northeastern Region: Khon Kaen Sugar Industry Public Company Limited; Nampong branch in Khon Kaen province and Wangsapung branch in Loei province.
2. Western Region: New Krung Thai Sugar Factory Co., Ltd and Tamaka Sugar Industry Co., Ltd in Kanchanaburi province
3. Eastern Region: New Kwang Soon Lee Sugar Factory Co., Ltd in Chonburi province

The core products which the company produces are sugar which can be categorized to be 4 types: (a) raw sugar (b) high pol sugar (c) white sugar and (d) refined sugar. The company also has other products related to sugar production process, such as molasses, bagasses and filter cake. According to these kinds of products, the company has a plan to invest in value added projects, as followings: (shown on Figure 1)

- Ethanol plant: Ethanol is mixed with gasoline, and the mixture is used as fuel for vehicles. Raw materials used in the Group's ethanol production include molasses and sugarcane juice
- The biogas plant uses waste water from ethanol production process as a raw material. Biogas produced through fermentation is used as a supplementary fuel for the corporate power plant.
- The organic fertilizer plant uses waste from the sugar production process (filter cake) and waste water from biogas and ethanol production as raw materials.
- The power plant uses waste from the sugar production process (bagasses) and biogas from the biogas plant as fuel sources for producing electricity and steam sold to plants in the Group and Grid.

Figure 1 : The Relationship between KSL's Existing Sugar Production and KSL's Value Added Project



As of October 31, 2016, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have the investment in subsidiaries and affiliates in total 14 companies as followings:

Business Unit/ Company Name	Paid - Up Capital (THB Million)	Proportion Of Investment	Nature of Business
<b><u>Sugar Business</u></b>			
Tamaka Sugar Industry Co., Ltd.	600.00	90.21%	Produce and distribute sugar
New Krung Thai Sugar Factory Co., Ltd.	1000.00	95.78%	Produce and distribute sugar
New Kwang Soon Lee Sugar Factory Co., Ltd	500.00	98.61%	Produce and distribute sugar
Savannakhet Sugar Corporation	684.76	98.49%	Sugar cane Plantation and Sugar Factory in Laos
Koh Kong Plantation Co., Ltd*	936.98	80.00%	Sugar cane Plantation in Cambodia
Koh Kong Sugar Industry Co., Ltd	1,167.66	80.00%	Sugar Factory in Cambodia
<b><u>Supporting Business</u></b>			
Thai Sugar Terminal Public Company Limited**	145.20	23.82%	Terminal, Warehouses, Real estate, produce and distribute wheat flour and palm oil
KSL Export Trading Co.,Ltd.	20.00	79.55%	Sugar and Related products Exporting Activities
KSL Agro and Trading Co., Ltd.	300.00	100.00%	Trading domestic sugar and operating agricultural businesses
Wynn In Trading Co., Ltd	487.497	100.00%	International trading and consulting
<b><u>Energy and Chemical Business</u></b>			
KSL Green Innovation PCL***	610.00	100.00%	Producing and distributing ethanol or agri-fuel and organic fertilizer
Khon Kaen Sugar Power Plant Co., Ltd	800.00	100.00%	Power Plant (SPP)
KSL Material Supply Co., Ltd.	840.00	100.00%	Material Sourcing for sugarcane plantation
<b><u>Other Business</u></b>			
KSL Real Estate Co., Ltd	840.00	91.02%	Real Estate Development and Training Center
WSP Logistics Co., Ltd	0.25	100%	Provide transportation service

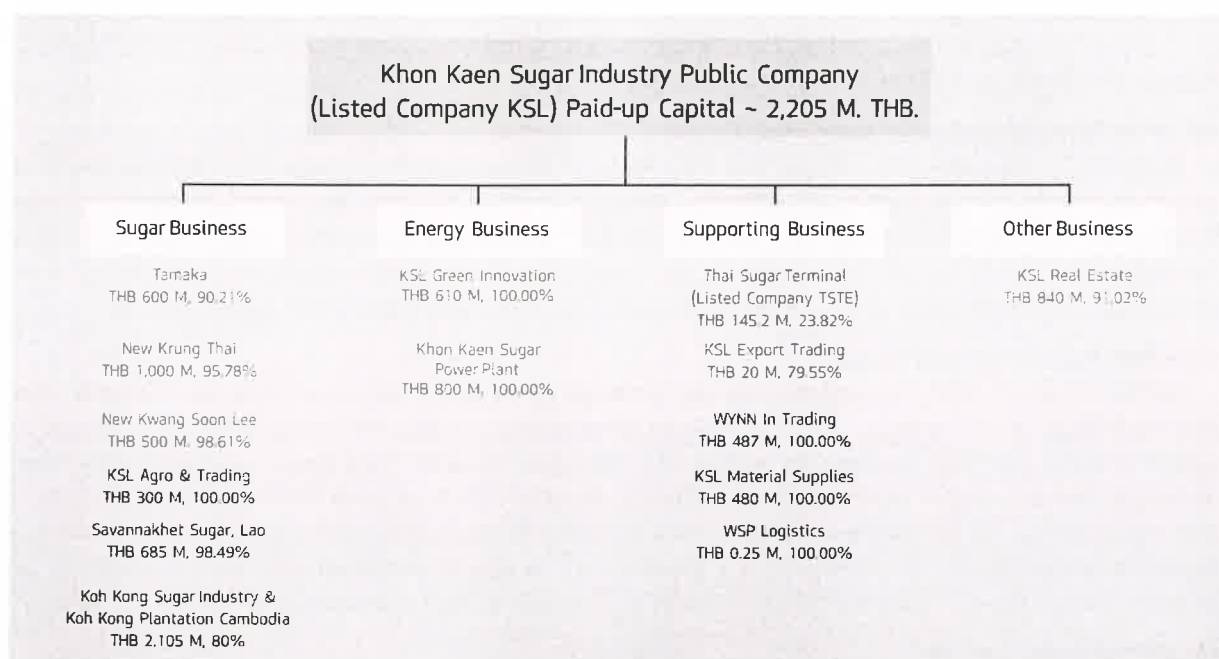
**Note :**

Proportion of investment shown above includes both direct and indirect shareholdings

\* indirect holding by Wynn in Trading Co., Ltd.

\*\* Associated company

\*\*\* Previously named Khon Kaen Alcohol Co., Ltd



The details of Khon Kaen Sugar Industry Public Company Limited, subsidiaries and affiliates are as follows:

#### Sugar Business

##### **Khon Kaen Sugar Industry Public Company Limited**

The nature of business is to produce and distribute sugar and other by-products. The first branch is located in Nampong district, Khon Kaen province. In 2014, improvements were made to increase its maximum crushing capacity to 35,000 ton cane per day. The second branch is located in Wangsapung district, Loei province with the maximum crushing capacity of 18,000 ton cane per day. Both branches have the capability to produce raw sugar, high pol sugar, white sugar and refined sugar.

##### **Tamaka Sugar Industry Co.,Ltd**

The nature of business is to produce and distribute sugar and other by-products. The factory is located in Tamaka district, Kanchanaburi province with the maximum crushing capacity of 22,000 ton cane per day and capable to produce raw sugar, white sugar and refined sugar.

##### **New Krung Thai Sugar Factory Co.,Ltd**

The company produces and distributes sugar and other by-products. The factory, which was originally located in Tamaka district, Kanchanaburi province, was relocated to Bo Ploy district, Kanchanaburi province. The production capacity was expanded to the maximum crushing capacity of 36,000 tons of cane per day. Construction has already completed, the factory is capable of producing raw sugar, white sugar, and refined sugar.

##### **New Kwang Soon Lee Sugar Factory Co.,Ltd**

The enterprise produces and distributes sugar and other by-products. The factory located in Panusnikom district, Chonburi province, has the maximum crushing capacity of 4,000 tons of cane per day. The cane crushing capacity decreased due to the fact that some of the machines had been moved to Laos and Cambodia. The factory is capable of producing raw sugar, high pol sugar, white sugar, and refined sugar.

##### **Savannakhet Sugar Corporation**

The company received sugarcane plantation concession that covers approximately 10,000 hectares (62,500 rai) from the Lao government. Sugarcane cultivation is undertaken by the company itself. The sugar factory in Savannakhet has the maximum crushing capacity of 3,000 tons of cane per day. Its output includes raw sugar and other byproducts.

##### **Koh Kong Plantation and Koh Kong Sugar Industry**

The company received sugarcane plantation concession that covers approximately 19,100 hectares (119,375 rai) from the Cambodian government. Sugarcane cultivation is undertaken by the company itself. The sugar factory in Koh Kong has the maximum crushing capacity of 6,000 tons of cane per day. Its output includes raw sugar and other byproducts.

## Energy and Chemical Business

### **KSL Green Innovation Public Company Limited**

Established in early 2004, the company runs the business of producing alcohol (Ethanol) from molasses, sugarcane and others with the licenses to produce 350,000 liters per day (150,000 at Nampong, Khon Kaen and 200,000 at Boploy, Kanchanaburi) granted by Ministry of Industry for the purpose of producing alcohol for blending with gasoline, so-called "gasohol", using as fuel in vehicles. In addition, the company produces fertilizers as a downstream project to the alcohol plant, which uses waste water from alcohol plant and filter cake, waste products from sugar processing.

### **Khon Kaen Sugar Power Plant Co.,Ltd.**

Established late in 2003, the company operates renewable power plants that can produce electricity and steam by using bagasses as raw material. The power produced at the plants can supply the factories within the group and any additional power generated are then sold to EGAT and PEA (Grid). Currently, the company operates 3 power plants all locating nearby its sugar factories. The first branch is closed to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. The second branch is closed to New Krung Thai Factory in Kanchanaburi province (part of the Boploy Renewable Energy Project). The third branch is located next to Khon Kaen Sugar Factory in Wangsapung district of Loei province (The Loei Project). Currently, the total capacity of all three branches can produce up to 195 MW of electricity.

### **KSL Material Supply Co., Ltd**

KSL Material Supply Co., Ltd. now operate business relating to sourcing and selling raw materials and materials related to agriculture such as organic fertilizers and related services.

## Supporting Business

### **KSL Export Trading Co., Ltd**

Established in 1992, the company performs as a licensed exporting company, according to Cane and Sugar Act 1984, which provides services of exporting activities to the sugar companies in KSL Group and also other sugar factories.

### **Thai Sugar Terminal Public Company Limited (TSTE)**

The company is a listed company in the Stock Exchange of Thailand. Its businesses involve warehouse leasing, loading and discharging sea freight, port operations, and freight forwarding. The terminal and warehouse are located in Prapadang, Samutprakarn, on the Chopraya River. Customers are primarily sugar companies in the KSL Group, other sugar factories owned by strategic partners, and general customers. In addition, Thai Sugar Terminal Public Company Limited (TSTE) is the mother company of 5 subsidiaries, which mainly deal with real estate trading and leasing, wheat flour production, plastic sack manufacturing, and palm oil refinery plant operations. (For details, refer to listed company profiles section: Thai Sugar Terminal Public Company Limited (TSTE) and TS Flour Mill Public Company Limited (TMILL)).

### **KSL Agro and Trading Co., Ltd.**

Established in 2006, the company trade sugar and related products for domestic customers. It also grow sugar cane on the company's land.

### **Wynn In Trading Co., Ltd**

The nature of business is international trading and international investment consulting. Khon Kaen Sugar Industry Public Company holds 100.00% share of Wynn In Trading Co., Ltd.

## Other Businesses

### **KSL Real Estate Co.,Ltd**

The company is involved in the business of property rental and resort ownership in Kanchanaburi, near the River Kwai, under the name of "River Kwai Park and Resort" This company provides the accommodation and facilities for holiday vacation and training center for employees of the KSL group and other general customers. Additionally, the company has acquired a commercial rental property, The Liberty Square Building that is located in the heart of Silom Road that is one of the busiest business area of Bangkok with approximately 19,151 sqm of rental space consisting of 22 floors and 6 levels of underground parking.

### **WSP Logistics Co., Ltd.**

The nature of business is transporting sugar and other products.



Regarding the policy to regulate and monitor the operation of subsidiaries and affiliates, Khon Kaen Sugar Industry has categorized its subsidiaries and affiliates which have the similar nature of business to be a group together under the same team of management. Four sugar companies are under the same board of executive directors. For supporting business, energy and chemical business and other business, Khon Kaen Sugar Industry will assign its own representatives to join as a position of company directors for policy making or as a position of top management for operation directing, which will make consistency in policies from parent company, subsidiaries and affiliates.

#### Description of Each Business Operation

Company	% of Share- holding in 2016	2014 Revenue (Million THB)	%	2015 Revenue (Million THB)	%	2016 Revenue (Million THB)	%
1. Khon Kaen Sugar Industry Public Company	Mother	8,668.09	31%	8,335.09	31%	9,864.34	37%
	Company						
2. Tamaka Sugar Industry Co., Ltd	90.21%	3,196.84	11%	2,946.99	11%	2,498.79	9%
3. New Krung Thai Sugar Factory Co., Ltd	95.78%	4,540.44	16%	4,645.78	17%	3,285.37	12%
4. New Kwang Soon Lee Sugar Factory	98.61%	744.15	3%	550.1254679	2%	534.0458602	2%
5. Thai Sugar Terminal Public Company	23.82%	1,538.84	6%	0.00	0%	0.00	0%
6. KSL Export Trading Co., Ltd	79.55%	13.15	0%	20.5991328	0%	15.48967457	0%
7. KSL Green Innovation PCL	100.00%	2,472.01	9%	2,600.92	10%	2,143.92	8%
8. Khon Kaen Sugar Power Plant Co., Ltd	100.00%	2,493.81	9%	2,994.70	11%	2,524.71	10%
9. KSL Material Supplies Co., Ltd*	100.00%	20.56	0%	11.61435613	0%	29.185405	0%
10. KSL Real Estate Co., Ltd	91.02%	150.34	1%	154.9648645	1%	174.9911018	1%
11. KSL Agro and Trading Co., Ltd.	100.00%	3,605.85	13%	4,172.69	16%	4169.198022	16%
12. Koh Kong Plantation Co., Ltd**	80.00%	128.73	0%	116.7002359	0%	152.8091787	1%
13. Koh Kong Sugar Co., Ltd	80.00%	89.36	0%	136.9219072	1%	672.95243	3%
14. Savannakhet Sugar Corporation	98.49%	211.21	1%	219.5473385	1%	240.9437847	1%
15. Wynn In Trading Co., Ltd	100.00%	-	-	0	0%	0	0%
<b>Total</b>		<b>27,873.38</b>	<b>100%</b>	<b>26,906.64</b>	<b>100%</b>	<b>26,306.75</b>	<b>100%</b>
<b>Minus Interrelated items</b>		<b>-8,688.53</b>		<b>-9,431.32</b>		<b>-9,395.58</b>	
<b>Total Revenues</b>		<b>19,184.84</b>		<b>17,475.33</b>		<b>16,911.17</b>	

\* In 2015 and 2016 the Company recorded the revenue from Thai Sugar Terminal PCL and its group as associate but in 2014, the Company recorded the revenue as subsidiary.

\*\* Formerly name Khon Kaen Alcohol Co., Ltd

\*\*\* Indirect shareholding through Wynn In Trading Co., Ltd.

#### Description of each products

##### Sugar : Production and Characteristics

The company is a group of sugar manufacturers whose quality management system is certified by SQF 2000, ISO 9001: 2000, and Hazardous Analysis and Critical Control Point (HACCP) accreditations. Sugar produced by the KSL group can be divided into four categories according to their types and levels of purity as follows:

**Raw sugar** – Raw sugar has a color index higher than 1,500 ICUMSA. It is dark brown, and has a high dirt index and a low purity index. Transfer is done in bulk without the use of sacks. This type of sugar cannot be consumed until it is refined or purified, turning into white sugar or refined sugar.

**High pol sugar** – High pol sugar has a color index between 1,000 – 1,500 ICUMSA. It can be consumed without any further process needed. Generally, the sugar is put in sacks before being transported. It is priced lower than white sugar and refined sugar.

**White sugar** – White sugar has a color index between 46 – 200 ICUMSA with a degree of polarization not lower than 99.50. It is widely consumed among households and used as a raw material in food industries where moderate purity is required.

**Refined sugar** – Refined sugar has a color index that does not exceed 45 ICUMSA. It is especially high in purity. The sugar is used in certain industries where highly pure sugar is needed, such as pharmaceutical industry, carbonated beverage industry, and energy drink industry.

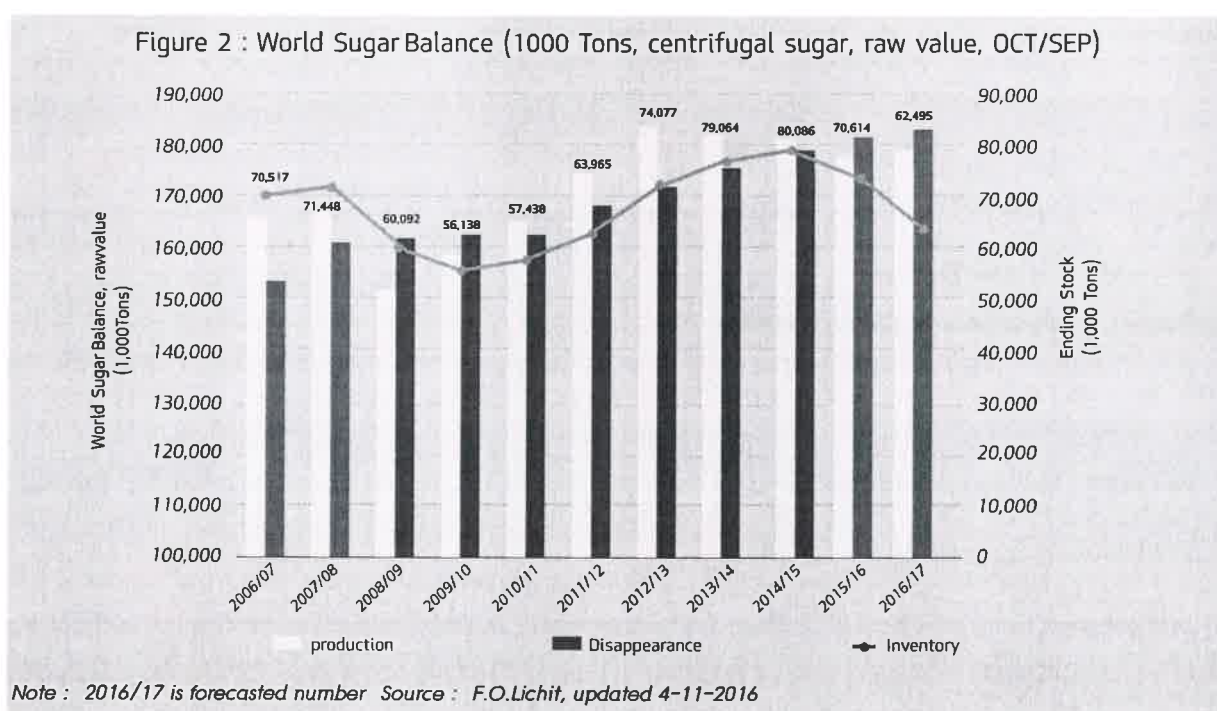
After sugar manufacturing there is a residue called "molasses" that its sugar content is so low that any further sugar extracting is uneconomical. Molasses is a valuable by-product obtained from sugar production. It contains 20% water, 30% sucrose, 32% invert sugar, 12% non-sugar organic substance, and 6% ash. From one ton of sugarcane, the corporate sugar factories have capacity to manufacture between 45-50 kilograms of molasses. An amount of molasses produced in a year depends on a quantity of sugarcane crushed in the year. Molasses can be widely used in such biochemistry industries as alcohol and distilling industry, yeast industry, monosodium glutamate industry, animal food industry (where molasses is mixed with cassavas and bagasse), vinegar industry, and soy sauce and seasoning sauce brewing industry.

Other residues from sugar manufacturing process that are also useful include bagasse and filter cake. Bagasse is the fibrous material remaining after the last extraction of juice from sugarcane. Now the company uses burned bagasse as a source of energy for electricity and steam generation used in sugar manufacturing process. Part of the electricity generated is sold to the Grid. Filter cake is a residue from vacuum filtration. It can be used as a raw material for general-purpose fertilizer. In the past, the company gives away filter cake to sugarcane farmers to promote sugarcane plantation in nearby areas. After the company's subsidiary has continuously operated alcohol and chemical production, wastewater from the factory can be mixed with filter cake and bio-decomposed to produce organic fertilizer that is suitable for sugarcane plantation. This completes the corporate value-added product ranges.

## Sugar: Market and Competition

### International Market and Industry Overview

The world sugar market: In 2014/15 approximately 182.3 million tons of raw sugar was produced worldwide, representing an increase of 1 million tons or 0.5% from the 2013/2014. The world's total consumption demand rose to 179.1 million tons, a 3 million tons increase or about 2% growth compared to that of 2013/14. However, the ending stock increases from 77.2 million tons in 2013/14 to 79.3 million tons in 2014/15. The stock represented 44% of the total demand, or an equivalent of 5 months sugar consumption.



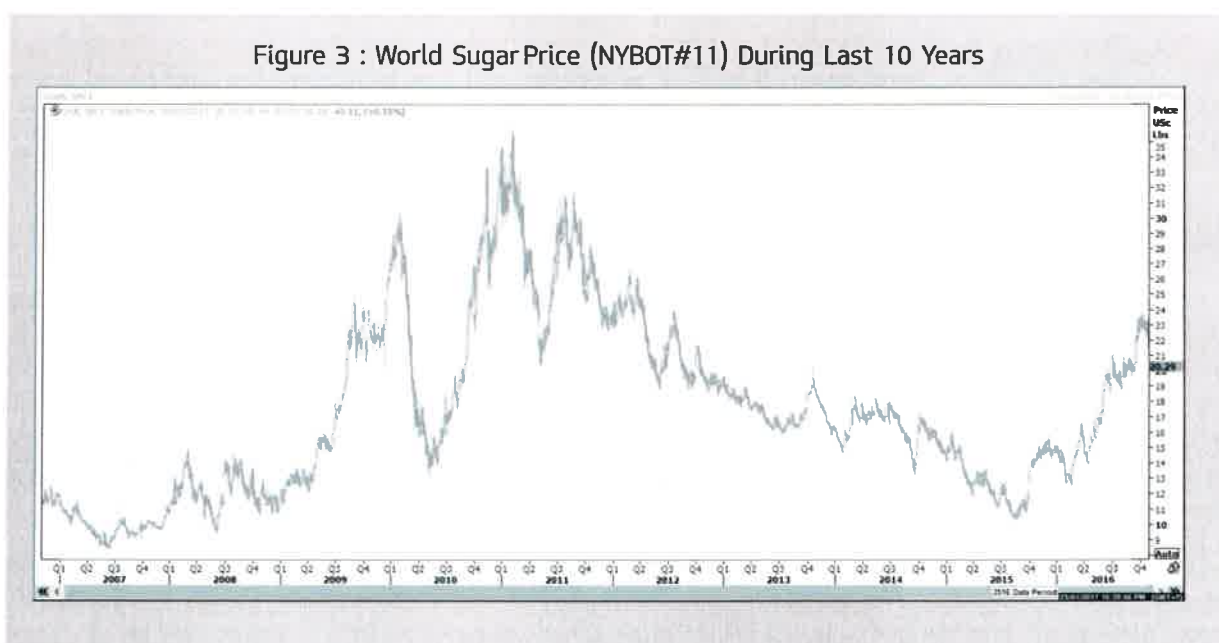
According to F.O. Licht's forecast on November 14, 2016, the 2016/17 output will increase by 1.6%, from 174.6 million tons to 177.4 million tons. Consumption will increase by 1.46% from 181 million tons to 183.7 million tons. Consequently, the world sugar supply will be short, with ending stock for the year 2016/17 decreasing from 70.6 million tons to 62.5 million tons. In Asia, it is forecasted that in 2016/17 demand for sugar within the region will overtake supply, causing a shortage of 26 million tons. However, this figure is subject to changed in demand, supply, and many other external factors.

Moreover the uncontrollable changes in climates such as flooding, drought, or severe cold in countries where sugar is produced can have a significant impact on the availability of sugar in the market and consequently affect on the price of sugar sold.

For a trend in sugar price can also depends on output quantities from major producer countries, such as Brazil expect to have same volume of sugar compare to previous year and as long as sugar price parity is attractive, Brazilian sugar mills will produce more sugar/rthanol ratio than the previous year. However apart from sugar price, the other factor is oil price which may be the key to make them reconsider to produce more ethanol instead (currently, they produce 45% sugar 55% ethanol). For Thailand, due to a drought at the beginning of last year affected 2017/16 output, the production is expected to be close to the output in 2016. China and India expect to have less production and sugar deficit in 2017. Especially China has to import approximately 4 - 5 million tons every year. Consequently the sugar price keep rally since the end of 2016. The effect of global stock to consumption ratio at 34% which is considerably low level and global 2017/18 production might not compensate this deficit within a year.

Other global economic factors affect world sugar price such as president election in US, Fed rate hike, slow economic growth in China, the economic problems in Brazil that cause the devaluation of its currency compared to USD, shifting investing strategies from investment funds, changes in oil prices, and falling commodity prices.

Figure 3 : World Sugar Price (NYBOT#11) During Last 10 Years



Furthermore, export channels of Thai sugar manufacturers are divided into:

- Thai sugar manufacturers sell their sugar through major traders such as Cargill, Tate & Lyle, Kerry, etc. The traders then sell the sugar to other overseas buyers. Risk of failure to collect payments and complications in export management are minimized. Thai sugar manufacturers' only responsibility is to transport their sugar to ports of exports, such as FOB ports of Bangkok and Lamchabang.
- Thai sugar manufacturers export their products to neighboring countries, such as Laos and Cambodia, through borders. A small amount of sugar is sold to vendors at borders.
- Thai sugar manufacturers sell to manufacturers who use sugar in production of their exports. When domestic sugar prices are higher than those in international markets, the export manufacturers who use sugar as a production material lose their competitiveness in the world market. To promote investment in the food industry and competitiveness, the government allows those who manufacture exports to buy sugar at the world' market prices conditionally.

### Domestic Marketing and Industry Overview

Domestic sugarcane and sugar industries are governed by Thai Sugarcane and Sugar Industry Act B.E. 2527. Office of the Cane and Sugar Board is in charge of ensuring adequacy of sugar for the domestic demand. Every year the board estimates the domestic sugar consumption amount and determines quotas for sugar factories according to their capacity. Domestic sugar prices are controlled by Goods and Services Act B.E. 2542. Current domestic sugar price are mandated that:

- (1) Prices of regular white sugar purchased at sugar factories do not exceed Baht 1,900 per 100-kilogram sack.
- (2) Prices of refined white sugar purchased at sugar factories do not exceed Baht 2,000 per 100-kilogram sack.
- (3) Wholesale prices of regular white sugar at all domestic wholesale businesses do not exceed Baht 1,965 per 100-kilogram sack, and those of refined white sugar do not exceed Baht 2,065 per 100-kilogram sack.
- (4) Retail prices of regular white sugar at retail businesses in Bangkok, Nonthaburi, Pathumthani, Samutprakarn, and Samutsakorn do not exceed Baht 21.50 per kilogram; and those of refined white sugar do not exceed Baht 22.50 per kilogram. (included VAT)

The price control does not apply to sugar cubes in boxes or packets that do not weigh over 10 grams.

### Competition Situation and Competitors

In 2016, there are 52 operating sugar factories (exclude non-operating and new license sugar factories which is not yet constructed) in Thailand with sugarcane crushing capacity of 94 million tons/year and sugar manufacturing capacity of 9.8 million tons/year (depending on yearly sugarcane amounts in the crushing process and sugarcane quality). The crushing process lasts about 4 – 6 months each year due to small amounts of sugarcane entering the process. It begins in November and ends in April or May. The numbers of sugar factories are under government control. Licenses from Office of the Cane and Sugar Board and Department of Industrial Works, Ministry of Industry, are required for sugar factories in increasing capacity, moving factories, or operating new sugar factories.

In 2016, all 52 sugar factories are opened for operation. Most of these factories are part of the five major groups of sugar manufacturers and only a handful of small manufacturers operate independently. The KSL Group is the 3<sup>rd</sup> largest sugar producer in Thailand, with 8 % market share. It has 5 factories (In 2012, KSL operates 4 factories since the new one just finish construction) located in three regions: Northeast (2 factories), Western (2 factories), and Eastern (1 factory). Table 1 shows sales of different types of sugar in the past 3 years as well as ratios of sales in export markets to domestic markets.

Table 1 : Sales of Different Types of Sugar and Ratio of Domestic Sugar to Total Sugar Sales in the Past 3 Years

Sale Volume & Price	2016			2015			2014		
	Volume Unit	Avg. Price THB/unit	Value M THB	Volume Unit	Avg. Price THB/unit	Value ล้านบาท	Volume Unit	Avg. Price THB/unit	Value Unit
Sugar	875,841	14,939	13,084	923,267	14,008	12,933	836,701	15,721	13,154
Domestic	219,304	19,532	4,284	209,571	19,592	4,106	177,057	19,887	3,521
Export	656,537	13,405	8,801	713,697	12,368	8,827	659,644	14,603	9,633
% Domestic Sale/ Total Sale	25%			23%			21%		

### Sugar: Product and Service Provision

#### Raw Material Provision Policy

Providing raw materials for manufacturing is a vital process for sugar producers. As the total capacity of the Thai sugar industry exceeds domestic sugarcane produce, all the sugar factories need to ensure that the maximum amount of cane is provided for their production in order to reduce their fixed cost per unit. The main solution employed by most sugar manufacturers is providing financial support to farmers, which is known as the "Geaw" system. Agreements of the sugar producers' advance purchase of sugarcanes from the supported farmers are made, allowing the farmers to apply for loans from the sugar manufacturers. The loans are used for sugarcane cultivation. Harvested sugarcanes, then, are delivered to the factories and the sugarcane costs are deducted from the loans.

The company's strategy is giving long-term benefits as incentives to the sugarcane farmers providing their crops to the corporate factories. This promotes both the growth of the farmers' incomes and the company. The main policy "Prosperity of farmers is prosperity of the factory", especially employed in the northeast, emphasizes creating and promoting a sustainable way to make a living for sugarcane farmers, as well as eliminating middlemen known as "Quota Heads". This effort allows the company to learn about problems experienced by the farmers and provide them suitable assistance. Also, the company provides the farmers equipment, knowledge and production support, such as providing loans for purchasing trucks; giving them filter cakes for making fertilizers free of charge; and providing experts in sugarcane cultivation, and prevention and elimination of crop pests. The support enhances good relationships between the farmers and the company, as well as systematic growth.

#### Production policy

The company focuses on maximizing the volume of white sugar and refined white sugar manufactured, as the two products have the highest selling prices with the highest profit. It also focuses on the improvement of production efficiency. Production efficiency that is higher than the average of the industry will help reduce unit cost. As a result, the company will be more competitive.

#### Marketing policy

Due to the fact that sugar prices in domestic consumer markets are controlled by the Government, the company emphasizes direct sale to industries with product quality and on-time delivery promises. Most of the customers are businesses in beverage and confectionary industries.

The company, moreover, emphasizes the sale of its sugar products to food product re-exporters, as it allows the sale of C quota sugar which yields better profit than regular exports while requires lower transport cost.

#### Environmental effects

The sugar manufacturing process causes wastewater and dust from ash in the steamer's burning process. The company is well aware of such effects and has employed appropriate measures to prevent environmental problems, in compliance with standards issued by Ministry of Industry.

#### Sugar : Works Not Submitted

- None -



### Ethanol : Product Characteristics

KSL Green Innovation PCL or previously named Khon Kaen Alcohol Co., Ltd., a subsidiary of Khon Kaen Sugar Industry Public Company Limited, produces and sells ethanol to oil companies. The ethanol is combined with gasoline at 10, 20 and 85% to produce the final product commonly called gasohol.

### Ethanol : Marketing and Competition

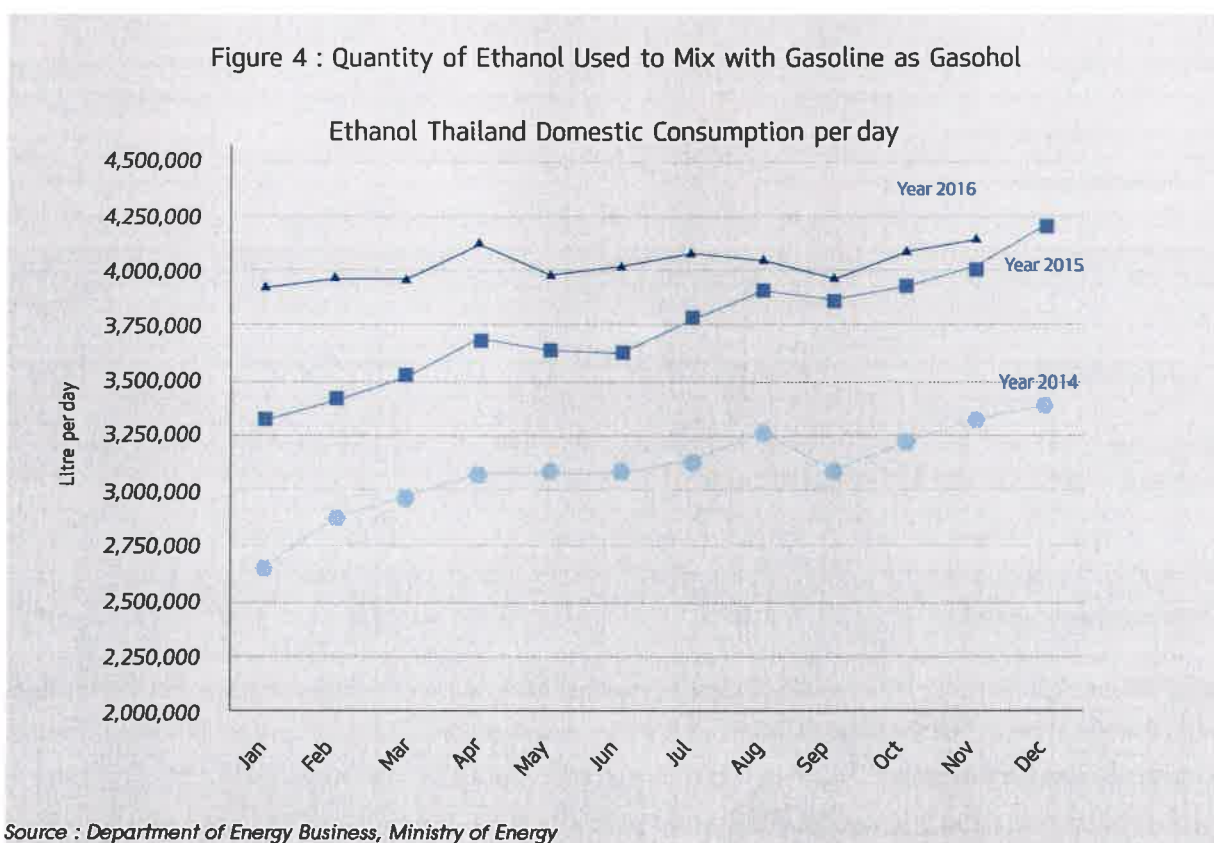
#### Domestic Marketing and Industry Overview

Since the first quarter of 2013, ethanol consumption in Thailand significantly increased due to Thai government cancelled Gasoline 91 and mandate usage of Gasohol 91 (Mixing 10% ethanol). As shown in Figure The promotion of the usage of gasohol as an alternative energy source allowed continuous growth for the ethanol market. Currently, average 4 million liters of ethanol per day is mixed in gasoline. The amounts of ethanol used to mix with gasoline for gasohol production is shown in Table 3.

Table 2 : Selling Price Structure of Gasohol

THB/Litre	EX	TAXES	OIL FUND(1)	CONSV. FUND	WHOLE SALE+VAT	MARKET MARGIN	VAT	RETAIL PRICE
ULG 95 R	16.80	6.50	6.31	0.25	32.64	2.26	0.16	35.06
GASSOHOL 95 E10	17.57	5.85	0.35	0.25	26.33	1.52	0.11	27.95
GASSOHOL 95 E20	18.30	5.20	3.00	0.25	22.76	2.51	0.18	25.44
GASSOHOL 91 E10	17.32	5.85	0.35	0.25	26.06	1.51	0.11	27.68
GASSOHOL E85	21.50	0.98	9.35	0.25	14.42	5.49	0.38	20.29

Source : Energy Policy and Planning Office, Ministry of Energy



### International Marketing and Industry Overview

Brazil is the world's major ethanol producer and exporter. Primarily, ethanol is produced from sugarcane. It can be used as fuel for car by mixing with gasoline at the ratio of 20 – 25 % or purely 100 % with specially designed cars. The Brazilian government has a policy to promote the use and manufacture of cars that run with ethanol 100 %. There is a control over the production and demand for ethanol through changing the amount of ethanol content in gasoline.

### Competition situation and competitors

In 2016, ethanol price decreased compare to previous year due to the competitiveness of cassava-based ethanol producer increased from lower price of cassava which increased a lot of supply for awhile in 2016 however ethanol demand continue to increase every year, therefore demand-supply of ethanol is quite tight and also ethanol stock is not enough. As a result, for 2017, the Company expects average selling price will be improve while sales volume may slightly improve.

Table 3 : Sales Volume and Average Selling Price of Ethanol in the Past 3 Years

	2016	2015	2014
Sale Volume (Liters)	85,443,140	97,116,975	91,606,665
Avg. Selling price (Baht/Liter)	23.56	25.71	25.92

### Ethanol: Product and Service Provision

#### Raw material provision policy

The company's ethanol plants purchase the raw material, molasses, from sugar factories of KSL (the holding company) at the market price. A one-year agreement is made in advance. If the KSL factories do not have enough molasses, the raw material is purchased from nearby sugar factories. For more flexible raw material management the company invested in facilities that allow the production of ethanol from cassava flour and other cassava-related products. This is to ensure that there is sufficient raw material and that production cost is manageable. If the world's sugar prices drop, sugarcane juice from the KSL group's sugar factories can be used as raw material in ethanol production.

#### Production policy

The company minimizes its costs by ensuring economies of scale, flexibility in using cheap raw materials and cost reduction. Expenses are minimized, such as using wastewater in producing organic fertilizer. Corporate resources are shared, such as personnel of sugar factory, or the Group purchasing energy from its own power plant. Leasing molasses storage tanks reduces the cost of investing them. Purchasing molasses at the factories helps save transport costs.

Being able to produce the raw material, molasses, within the group allows the consistency of the quality of the material and more production effectiveness. Contaminants are reduced. Molasses storage tanks are appropriately temperature controlled, allowing highly effective production.

#### Marketing policy

Ethanol is an industrial product. It is used as a material in producing gasohol. Consistency in quality, standard, and availability are very important. The company ensures that its production meets those requirements by exercising quality assurance. Part of the ethanol produced is stored in tanks for sale during the period when the operation is ceased for annual machinery repair and maintenance.

#### Environmental effects

The production of ethanol generates wastewater. The company uses the wastewater from ethanol production process to mix with filter cake from the group's sugar factories to make organic fertilizer. The fertilizer is then sold to farmers. Hence, the company is able to minimize its negative impact on the environment.

### Ethanol: Works Not Submitted

- None -

## Electricity and Steam Product Characteristic

The project has been undertaken by Khon Kaen Sugar Power Plant Co., Ltd who sells electricity and steam to factories within the group as well as selling any excess electricity produced to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA). Currently, the group operates 3 power plants. The first power plant is located near to Khon Kaen Sugar Factory in Nampong district of Khon Kaen province. It can produce up to 65 MW, 20 MW of which is sold to EGAT. The second power plant is located near to New Krungthai Sugar Factory in BoPloy, Kanchanaburi. It can produce up to 90 MW, 30 MW of which is sold to EGAT. The third power plant is located near to Khon Kaen Sugar Factory in Wangsapung, Loei province. It has the capacity to produce 40 MW.

### **Electricity and Steam Market and Competition**

The electricity and steam generated is first sold to the KSL Group's plants so that it can be used to produce sugar and ethanol. The excess electricity produced is then sold to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA) through long-term contract and therefore has limited number of competitor and reliable customer. A 100% of electricity and steam produce is sold domestically.

Table 4 : Sales Volume and Average Selling Price of Electricity in the Past 3 Years

	2016	2015	2014
Sale Volume (MW-hour)	275,456	300,292	324,099
Agv. selling price (THB/MW-hour)	2,935	3,368	3,520

### **Electricity and Steam: Product and Service Provision**

#### **Raw material provision policy**

Raw material procurement is crucial in operating the electricity generating business. The corporate power plant is mainly fueled by bagasse. Each year, the Group crushed sugarcane fluctuates. A limited amount of crushed sugarcane may affect the fuel amount available for the power plant's electricity generating. Thus, Khon Kaen Sugar Power Plant has prepared purchasing biomass fuel sources, such as bagasse from nearby plants.

#### **Production policy**

##### **(1) Cost Management**

The Khon Kaen Sugar Power Plant committed to minimize its production cost. Costs of electricity generating and steam energy production include fuel and depreciation. Fuel efficiency is, hence, crucial. The company also ensures economies of scale to reduce its unit cost.

##### **(2) Improving and Developing Production Effectiveness**

The quality of fuel is effectively controlled, as the company uses its own bagasse. Fuel efficiency is ensured by controlling moisture in bagasse using such methods as bagasse dryer system and setting up roofs to protect the material from the rain.

#### **Marketing policy**

The long-term agreement between the company and EGAT allows the electricity produced to be priced based on natural gas prices and exchange rates. The sale unit price increases at the time when EGAT's demand for electricity is high. Electricity sold to the companies in the KSL Group is priced at the same rate as that sold to EGAT.

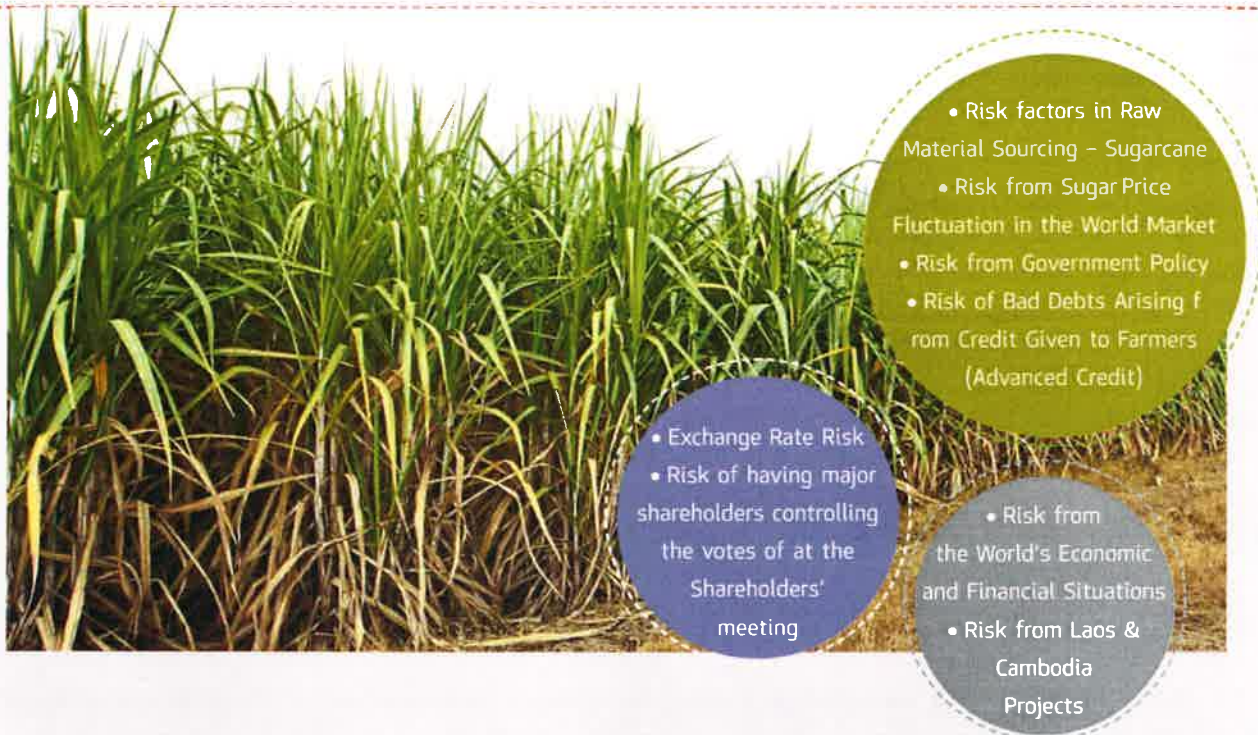
#### **Environmental effects**

Extensive Environmental Impact Assessment (EIA) has been carried out. The facilities in Khon Kaen has been registered with CDM Executive Board as a CDM project (under the Kyoto Protocol). The company has the right to sell its carbon credits if and when the UNFCCC officially count and certify the amount of carbon it help reduced.

#### **Electricity & Steam: Works Not Submitted**

- None -

# RISK FACTORS



Significant risk factors in the operation of the sugar business of the company, which may have affect on the return on investment by the shareholders, can be summarized as follows.

## 1. Risk factors in Raw Material Sourcing – Sugarcane

Khon Kaen Sugar Industry Public Company Limited produces sugar which use sugarcane as raw material. The company has also invested in other related projects, which use by products and wastes generated from the sugar manufacturing process, to create added value. Therefore, the quantity of sugarcane available for crushing is the most important factor affecting the operations of the company.

There are two main reasons that cause fluctuations in the quantity of sugarcane, viz. (1) changes in the acreage under sugarcane plantation which may depend on the price agreed for the cane and whether it is worthwhile for the farmers to grow sugarcane compared to other agricultural crops as well as the promotional policies of the Government and (2) changes in the yield of sugarcane (ton(s) of cane per rai) which may occur due to climate change conditions, such as drought and flood, caused by global warming.

When the quantity of sugarcane crushed reduces, the effect on the company is that the quantity of sugar produced goes down, the unit cost, especially the fixed cost per unit, goes up, the profit per unit reduces and the company's overall profit is reduced. In addition, in those years when the sugarcane crushed is low, there is increased competition among sugar factories to purchase the sugar cane locating in the neighborhood area. Therefore, in order to protect their crushing quantities, sugar factories have to vie by paying more than the price, established by revenue sharing system. This increases the overall raw material cost for the company. Thailand is one of the world's leading sugar exporters and is the leading sugar supplier to the Asian region. Decreased amounts of cane crushed in Thailand result in lower sugar quantities available for exportation. Export prices, consequently, increase. Such increase relieves the impact of decreased quantities of cane crushed and burden of increased costs. The company, furthermore, values stability of sugarcane supplies. To ensure the sustained supplies, the company offers assistance to sugarcane farmers, such as loans for planting sugarcane crop, support in procuring inputs for farming, providing irrigation systems, introducing technology to increase yields and efficiency in cultivation, and reducing the influence of middle men in sugarcane sales and purchase deals. All the assistance is provided for the farmers in an attempt to help them improve their lives.



## 2. Risk from Sugar Price Fluctuation in the World Market

While considering sugar trade in the world markets, it can be said that sugar has high price fluctuations when compared with other agricultural products. The world sugar prices depend on several factors, such as demand and supply of countries that are producers, consumers, exporters and importers. Traders' speculations are in relation to climatic conditions facilitating cultivation in each of the respective countries. Government policies on promoting, interfering, exporting and importing sugar, particularly in developed countries also determine pricing in the industry. At present, sugar prices are also interrelated to oil prices. Both sugarcane and molasses can be used to produce a type of alcohol called ethanol. Ethanol can be blended with gasoline to produce fuel. All the above factors cause high fluctuations in the world sugar prices.

Generally, sugar companies in Thailand are bound to meet the domestic demand first. The balance sugar can be exported. Every year, the Office of the Cane and Sugar Board estimates the quantity of domestic demand for sugar, called Quota A, and allocates this Quota to all the sugar factories based on their respective sugar production. The ratio of domestic sales to exports of all sugar factories is therefore quite similar, usually in the range of 20:80 to 30:70 depending on the sugarcane available for crushing all over the country. The sales of the sugar industry fluctuate according to world sugar prices in the 70 – 80% range. However, regarding on the cost of production, the cane price is the major cost, calculated by the formula based on the revenue sharing system 70:30. This means that when the sugar price has decreased 100 THB, the farmer should get the 70% impact in term of lower sugar cane price and the sugar factory should get 30% impact.

During the past 3–4 years, the world sugar price was very volatile. It can be seen from the average future price around 15 cents/lb surged to be around 32 cents/lb and it used to be trade at 25, 20, and 15 cent/lb. Sugar price has fallen to its lowest at 10–11 cent/lb in the second half of 2015. From the beginning of 2016 sugar price rebounded to 21 – 23 cent/lb. With severe price fluctuations, if the company were not able to establish a selling price that was higher than the price level for setting cane prices, the corporate operating results would have been severely affected. To prevent the risk posed by sugar price volatility in the world market, the company entered into a sugar futures contract with a financial institution. The risk hedging procedure would allow the company to minimize the dependency of its profitability on the risk posed by sugar price volatility. However, this could affect profit and loss account recording, and there was a risk that the amount hedged through the sugar futures contract could exceed the actual volume of sugar exported. This oversold condition could result in a loss.'

Previously, the fluctuations in the world sugar price had a strong influence in the company's operations and profitability as it focused its businesses mainly on sugar and molasses. Since the company invested in other related industries such as ethanol, organic-fertilizer, and power plant, the risks it faced from sugar price fluctuations is drastically reduced and allow the company to operate in businesses that are more profitable and less dependent on world market price.

## 3. Risk from Government Policy

The sugarcane and sugar industry in Thailand is under the supervision and control of the Office of the Cane and Sugar Board under the Cane and Sugar Act 1984. The Board regulates the amount of sugar produced by a quota system (Quota A for domestic sales, Quota B and C for sugar exports), controls the domestic price, regulates on the ratio of distribution of revenue from the sugar business between the farmers and sugar factories, with the revenues sharing in the ratio of 70:30, controls on the entry of new players in the sugar business etc. It is evident that the rules and regulations enacted by the Cane and Sugar Board have an impact on the production costs and the operations of the company. For example, the revenues sharing system 70:30 ratio determines the sugar cane price which the sugar factories must pay to the farmers. In case, changes in the domestic sugar prices or changes in regulation of entire sugar industry, it will have a definite impact on the operations of the company.

Other overall Government policies also have an impact on the company's business. For example, the decision to promote the renewable energy, such as ethanol, has secured the domestic sale volume. The policy to promote the planting of oil palm trees or price guarantees for cassava have negative impact on the company since the area under sugar cane plantation will reduce and farmers will switch to growing alternative crops with better returns.

The Company realizes the importance of government policies in shaping directions of cane and sugar industry. Hence, it has collaborated with three sugar factories associations and associations of sugarcane farmers to enhance the government understanding of cane and sugar industry and its significance. The industry is a precursor of the food and processed food industries. Ethanol derived from sugar production can be used as fuel energy. Ethanol is a pure alcohol that can also be used as a starting point for production of other chemicals. Exporting sugar brings in foreign income and almost does not require import costs and expenses. This differentiates the sugar industry from other industries.

Sugarcane is Thailand's important economic crop in which every part of it can be utilized. Communication, explanation and understanding between the government and the sugar industry can reduce the risk potentially posed by government policies affecting directions of sugarcane and sugar industries.

During May 2016, Brazilian government has filed to with the World Trade Organization (WTO) by accusing Thai government on subsidy policy for sugar which adversely affects sugar industry in Brazil. Thai government currently negotiates with Brazilian government to compromise this issue by presenting sugar industry reformation plan.

The Company realized that the regulatory risk might affect industry outlook therefore company incorporate with Thai sugar association and also farmer association to explain to regulator and government to solve this problem together for national benefit.

#### **4. Risk of Bad Debts Arising from Credit Given to Farmers (Advanced Credit)**

In the operation of a sugar factory, the factories provide loans or other kinds of financial support to sugarcane farmers as working capital to plant sugarcane crop, or what is called "advanced credit", thereby reserving the sugarcane for crushing. After the sugarcane crop is ready for harvesting and the sugar factories are ready to start crushing the cane, the farmers harvest the cane and send it to the sugar factories and receive payment for the value of the cane supplied after the loans and other financial support given is deducted. The risks that are generated from such credit can come from reduced volume of sugarcane in any year due to drought conditions, losses from crop disease and pestilence, farmers refusing to send the cane to the sugar factories etc. Such liabilities, arising from sugarcane credit, can adversely affect the company's operations requiring higher amounts of provisioning for bad debts.

However, by track record, level of bad debt is low because the company not only concerns the above risk factors but also improves in the sugarcane credit system. The company has bought a satellite monitoring system (Global Positioning System - GPS) to survey the sugarcane plantation areas, which helps in reducing the problems of ownership of sugarcane fields. The system is also used to plan for sourcing more sugarcane. The company also encourages farmers to deposit assets as collateral for the loans advanced. All this has resulted in the company having a low bad debt situation at present and the major debts are adequately covered with the pledged assets.

#### **5. Exchange Rate Risk**

The volatility of exchange rate poses a significant risk to the company's operation. The company exports about 70-80% of its total sugar sales. The company also imports tools and machinery, and conduct operations in neighboring country. The company tries to reduce its exchange rate risks by making currency forward contracts. The company has natural hedging mechanism under the 70:30 revenue sharing scheme that links the sugar price (revenue) and cane price (cost) together, thus making both prices move in the same direction and exposing both to the same exchange rate fluctuation. Moreover, the company closely monitors exchange rate fluctuation to be able to react to changes in a timely manner.

## **6. Risk of having major shareholders controlling the votes of at the Shareholders' meeting**

The Chinthammit and his company hold more than 60% of total paid up share capital of the company. Therefore, the Chinthammit Group and his company can control all the proceedings of the shareholders meetings whether it is the appointment of Directors or whether it is to seek approvals on other matters that require majority votes, except for special agendas which, by law or by the articles of association of the company, require 75% vote in shareholders' meetings. Therefore, it is difficult for other shareholders to collect enough votes to investigate or counterbalance the issues raised by the majority shareholders.

However, for the company's transparency and power balancing, the company has appointed 4 independent committee members for checking the operations of the company. Thus, power balancing for operation in the company is reasonable. In addition, the company also has also set up an independent internal control team which reports directly to the audit committee.

## **7. Risk from the World's Economic and Financial Situations**

The EU financial crises and oil price collapse caused a lot of problems for oil producers and negatively affected economies worldwide. Natural disasters and terrorist attacks also add more pressure to the world's economy. There is no guarantee that these issues and similar circumstances in the future will not affect our businesses, the world's sugar prices and/or ethanol price. The lack of liquidity among financial institutions may also affect the Group's sources of loans and financing costs.

KSL has implemented its financial policies well. Its D/E has been at an appropriate level. The company has maintained good relationships with all the banks that are long-term corporate business partners. All the corporate businesses will be handled carefully in order to minimize the future probable effect of the world's financial and economic conditions on the company.

## **8. Risk from Laos & Cambodia Projects**

The projects in both countries are part of the first offshore sugar business in which the company is granted the concession area for cane plantation from the government and permitted to construct sugar factories. But land condition in concession area has low quality, lack of technology for large plantation, lack of infrastructure and human resources therefore the projects take longer time for develop than the first plan. Consequently the productions still not reach break-even point and in 2016 both projects had loss. However the company has witnessed and solved various problems throughout the years. The company hired consultants to develop not only planting technology but also management system to control budget. Moreover the company provides loan to local farmers and suppliers to expand more plantation. After continuously developing infrastructures and land condition in the past, the projects show improvement and potential for good return on investment in the future.

Additionally, there are risks associated with doing projects abroad which extend beyond agricultural risks relating to cane growing and sugar production and include risks from political turmoil and instability, local community dispute, and different law and regulations that often changes and are somewhat ambiguous. The company is aware of these risks and is trying to manage it efficiently and appropriately.

# SHAREHOLDER STRUCTURE

## Securities

As of October 31, 2016, the Company's registered capital is THB 2,205,121,824.- ,paid up capital THB 2,205,116,309.50 of which there is 4,410,243,648 shares, paid up share 4,410,232,619 shares at par value of THB 0.50.

## Debentures

Non-subordinated and non-collateral

Name	Tenor	Expiry Date	Total Value (million THB)
KSL172A	3 yrs	27-FEB-2017	1,000
KSL174A	3 yrs	30-APR-2017	1,000
KSL175A	3 yrs	16-MAY-2017	1,000
KSL185A	3 yrs	7-MAY-2018	2,000
KSL189A	3 yrs	25-SEP-2018	1,000
KSL198A	5 yrs	5-AUG-2019	1,000
KSL199A	5 yrs	18-SEP-2019	1,000
KSL203A	5 yrs	13-MAR-2020	2,000
<b>Total</b>			<b>10,000</b>

## Shareholders

On October 31, 2016, the top 10 major shareholders of the Company in the past 3 years are as follows: (In 2014, calculation excluded treasury stock)

As of Oct 31,2014				As of Oct 31,2015				As of Oct 31,2016			
Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total
1.	KSL Sugar Holding Company Limited	553,958,700	33.16	1.	KSL Sugar Holding Company Limited	1,330,924,480	33.20	1.	KSL Sugar Holding Company Limited	1,452,000,000	32.92
2.	Thai NVDR Company Limited	46,999,502	2.81	2.	Mr.Chanachai Chutimavoraphand	104,868,636	2.62	2.	Thai NVDR Company Limited	132,616,252	3.01
3.	Mr.Chanachai Chutimavoraphand	43,695,265	2.62	3.	Thai NVDR Company Limited	100,341,922	2.50	3.	Mr.Chanachai Chutimavoraphand	115,355,499	2.62
4.	CREDIT SUISSE AG, SINGAPORE BRANCH	38,409,400	2.30	4.	CREDIT SUISSE AG, SINGAPORE BRANCH	91,150,560	2.27	4.	Mr.Kamondanai Chinthammit	99,692,448	2.26
5.	Ms.Duangdao Chinthammit	37,720,089	2.26	5.	Ms.Duangkae Chinthammit	90,621,494	2.26	5.	Ms.Duangkae Chinthammit	99,683,643	2.26
6.	Ms.Duangkae Chinthammit	37,698,956	2.26	6.	Ms.Duangdao Chinthammit	90,545,413	2.26	6.	Ms.Duangdao Chinthammit	99,599,954	2.26
7.	Mr.Kamondanai Chinthammit	37,261,070	2.23	7.	Mr.Kamondanai Chinthammit	89,954,008	2.24	7.	CREDIT SUISSE AG, SINGAPORE BRANCH	99,027,436	2.25
8.	Mr.Somchai Chinthammit	36,449,139	2.18	8.	Mr.Somchai Chinthammit	87,477,933	2.16	8.	Mr.Somchai Chinthammit	96,225,726	2.18
9.	Mr.Piripon Chinthammit	35,093,570	2.10	9.	Mr.Piripon Chinthammit	84,224,568	2.10	9.	Mr.Chamroon Chinthammit	94,133,231	2.13
10.	Chinnakij Company Limited	32,901,000	1.97	10.	Mr.Chamroon Chinthammit	79,672,274	1.99	10.	Mr.Piripon Chinthammit	92,647,024	2.10
Total for Top ten major shareholders		900,186,691	53.89	Total for Top ten major shareholders		2,149,781,288	53.62	Total for Top ten major shareholders		2,380,981,213	53.99
11.	Others	770,360,193	46.11	11.	Others	1,859,531,119	46.65	11.	Others	2,029,251,406	46.06
<b>Total paid-up registered capital</b>		<b>1,670,546,884</b>	<b>100.00</b>	<b>Total paid-up registered capital</b>		<b>4,009,312,407</b>	<b>100.00</b>	<b>Total paid-up registered capital</b>		<b>4,410,232,619</b>	<b>100.00</b>

Note : Major shareholders of the Chinthammit family hold 32.97 shares. However, proportion of shareholding does not indicate that members in the Chinthammit family are voting in the same way.



On October 31, 2016, the top 10 major shareholders in KSL Sugar Holding Company Limited's shareholder record are as follows:

Chinnakij Co., Ltd. is owned by the Chinthammit family. The family members hold most of the shares. None of the shareholders holds shares more than 30 % of the authorized share capital.

The registered capital and paid up capital of KSL Sugar Holding Company Limited consists of 100 million shares at par value of THB 10.00 per share or THB 1,000 million.

As of Oct 31,2014				As of Oct 31,2015				As of Oct 31,2016			
Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total	Rank	Name	No. of Shares	% of total
1.	Ms.Nareerat Chinthammit	12,105,263	12.11	1.	Ms.Nareerat Chinthammit	12,105,268	12.11	1.	Ms.Nareerat Chinthammit	12,105,268	12.11
2.	Ms.Duangdao Chinthammit	7,847,944	7.85	2.	Ms.Duangdao Chinthammit	7,847,944	7.85	2.	Ms.Duangdao Chinthammit	7,847,944	7.85
3.	Ms.Duangkae Chinthammit	7,764,650	7.76	3.	Ms.Duangkae Chinthammit	7,764,650	7.76	3.	Ms.Duangkae Chinthammit	7,764,650	7.76
4.	Mr.Chanachai Chutimavoraphand	6,971,788	6.97	4.	Mr.Chanachai Chutimavoraphand	6,971,788	6.97	4.	Mr.Chanachai Chutimavoraphand	6,971,788	6.97
5.	Mr.Chamroon Chinthammit	5,370,580	5.37	5.	Mr.Chamroon Chinthammit	5,370,580	5.37	5.	Mr.Chamroon Chinthammit	5,370,580	5.37
6.	Mr.Somchai Chinthammit	5,169,890	5.17	6.	Mr.Somchai Chinthammit	5,169,890	5.17	6.	Mr.Somchai Chinthammit	5,169,890	5.17
7.	Mr.Sarun Chinthammit	4,246,828	4.25	7.	Mr.Sarun Chinthammit	4,246,828	4.25	7.	Mr.Sarun Chinthammit	4,246,828	4.25
8.	Mr.Kamondana Chinthammit	2,906,000	2.91	8.	Mr.Kamondana Chinthammit	2,906,000	2.91	8.	Mr.Kamondana Chinthammit	2,906,000	2.91
9.	Mr.Piripon Chinthammit	2,906,000	2.91	9.	Mr.Piripon Chinthammit	2,906,000	2.91	9.	Mr.Piripon Chinthammit	2,906,000	2.91
10.	Ms.Yaovanuth Dejvitak	2,900,000	2.90	10.	Ms.Yaovanuth Dejvitak	2,900,000	2.90	10.	Ms.Yaovanuth Dejvitak	2,900,000	2.90
	Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90		Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90		Ms.Yaovaluck Chutimavoraphand	2,900,000	2.90
Total for Top ten major shareholders		61,088,948	61.09	Total for Top ten major shareholders		61,088,948	61.09	Total for Top ten major shareholders		61,088,948	61.09
11.	Others	38,911,052	38.91	11.	Others	38,911,052	38.91	11.	Others	38,911,052	38.91
Total paid-up		100,000,000	100.00	Total paid-up		100,000,000	100.00	Total paid-up		100,000,000	100.00

Note: The 10<sup>th</sup> major shareholders are Ms. Yaovanuth Dejvitak and Ms. Yaovaluck Chutimavoraphand who both hold equal number of shares.

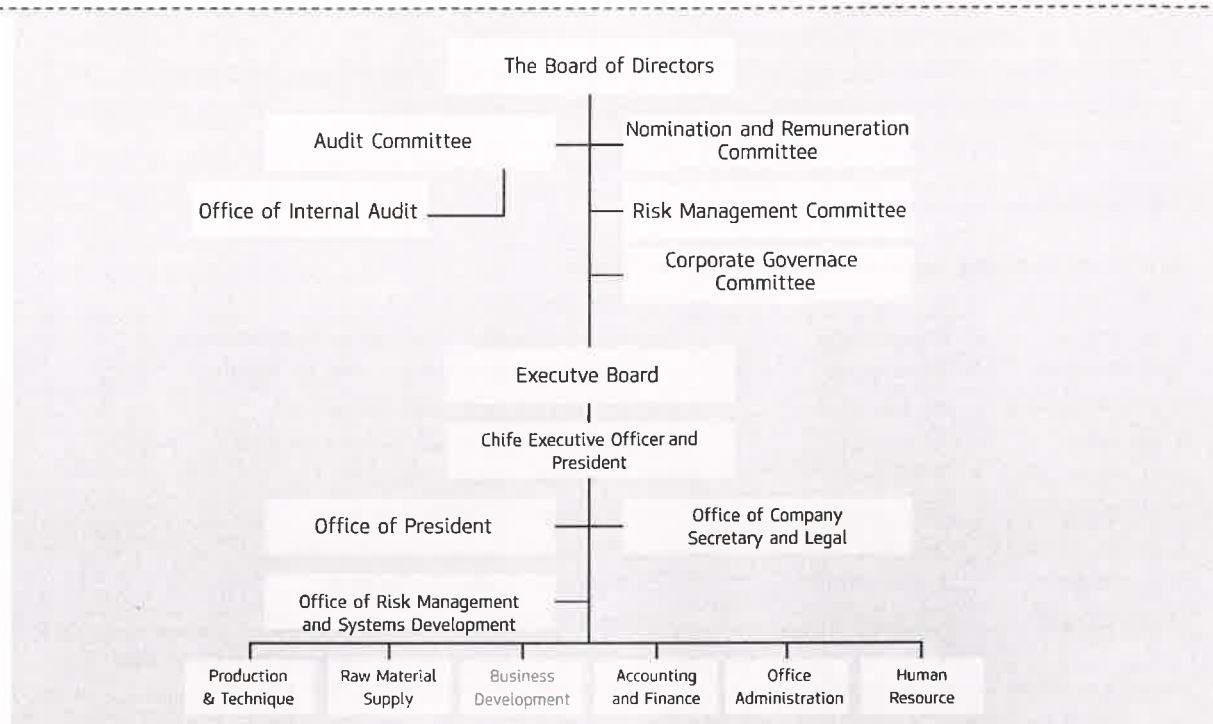
#### Dividend Payment Policy

The company pays dividends at a rate of not less than 50 % of its net income after tax and legal reserves of separate financial statement if there is no necessity for the use of the money, and if the dividend payment does not have an adverse effect on corporate operations significantly. Factors that are considered include corporate operation results, financial position, liquidity, and business expansion plans. The dividend payment requires approval from corporate shareholders and/or the Board of Directors. Dividend payment of the subsidiaries and associates to Khon Kaen Sugar Industry Public Company Limited depends on their cash flow, liquidity, suitability, and necessity for the use of the money. No minimum rate is specified.

#### Dividend Payment Record

	2013	2014	2015
1. CASH (THB per share)	0.35	0.0811111111	0.0555555556
2. DIVIDEND STOCK (THB per share)	-	0.10	0.05

# MANAGEMENT STRUCTURE



## Board of Directors

**As of October 31, 2016, the Company's Board of Directors consists of:**

1.	Mr. Manu	Leopairote	Chairman and Independent Director
2.	Mr. Chamroon	Chinthammit	Director
3.	Mr. Prapas	Chutimavoraphand	Director
4.	Mr. Pornsin	Thaemsirichai	Director
5.	Mr. Sukhum	Tokaranyaset	Director
6.	Mr. Thawatchai	Rojanachotikul	Director
7.	Mrs. Intira	Sukhanindr	Director
8.	Ms. Duangdao	Chinthammit	Director
9.	Mr. Somchai	Chinthammit	Director
10.	Ms. Duangkhae	Chinthammit	Director
11.	Mr. Chalush	Chinthammit	Director
12.	Mr. Chatri	Chinthammit	Director
13.	Mr. Somchat	Chinthammit	Director
14.	Mr. Tachpong	Pakornsiriwongse	Director
15.	Mr. Pramoon	Vichiensin	Independent Director
16.	Pol. Gen. Boonpen	Bumpenboon	Independent Director
17.	Mr. Sitti	Leelakasamelurk	Independent Director
18.	Mr. Karun	Kittisataporn	Independent Director
19.	Mr. Worapatr	Todhanakasern	Independent Director
20.	Ms. Nongluck	Phinainitisart	Independent Director
21.	Mr. Trakarn	Chunharojrit	Director

### Duties and responsibilities of Chairman:

1. Be the president of the board of directors.
2. Strengthen Corporate Governance standard of the board of directors
3. Be the president of the shareholder meeting and comply with the regulation and specified agenda
4. Manage correspondence to be effective between directors and shareholders
5. Comply with the law relating to chairman's duty

### The Executives

#### As of 31 October 2016, the corporate top executives include:

1. Mr. Chamroon	Chinthammit	CEO and President
2. Mr. Pornsin	Thaemsirichai	Senior Vice President – Production & Technique
3. Mr. Sukhum	Tokaranyaset	Senior Vice President – Accounting & Finance
4. Mr. Thawatchai	Rojanachotikul	Senior Vice President – Administration
5. Ms. Intira	Sukhanindr	Senior Vice President – Business Development
6. Ms. Duangdao	Chinthammit	Vice President – Human Resource
7. Mr. Chalush	Chinthammit	Vice President – Office of President
8. Mr. Chanachai	Chutimavoraphand	Vice President – Accounting & Finance
9. Mr. Theera	Sanguandeekul	Vice President – Office of President
10. Mr. Dhajjai	Subhapholsiri	Company Secretary/ Vice President – Office of Company Secretary and Legal
11. Mr. Dhanapat	Nachiangmai	Vice President – Office of Administration

#### Scope of Duties and Responsibilities of CEO and President:

1. Decide on important matters related to the Company. Determine the corporate missions, objectives, guidelines, and policies. Supervise the overall work. Be responsible for the Board of Directors.
2. Have the power to employ, appoint, and transfer personnel as necessary and appropriate to be the management or staff members for corporate operations. Define appropriate functions, responsibilities, and remunerations of employees. Have the power to dismiss, lay off, and discharge employees as appropriate.
3. Have the power to determine business terms and conditions, such as credit limits, payment terms, trade agreements, and trade term changes.
4. Have the power to act and appear as a corporate representative to outsiders regarding affairs related and advantages to the Company.
5. Approve the appointment of advisors needed in the corporate operations.
6. Deal with affairs concerning the Company's general operations.

The functions and responsibilities of President and CEO shall comply with legislation and the Company's regulations. The approval of President and CEO does not apply to approval of transactions that would allow President and CEO and related persons to have interest or cause conflict of interests affecting the Company and its subsidiaries.

A summary of approved financial amounts of transactions according to the Company's authorization manual

Approved Financial Amounts for Important Transactions	BOD	EXB	PSD
1. Approval of Annual Budget	More than THB 500 Million	Not over THB 500 Million	Not over THB 100 Million
2. Approval of Changing/Increasing of Annual Budget or Investment Budget	More than THB 100 Million	More than THB 100 Million	Not over THB 100 Million

Note :

- (1) The power to approve the financial amounts mentioned is governed by legislation and regulations of the company, the Stock Exchange of Thailand and Securities, and Exchange Commission.
- (2) BOD : Board of Director, EXC : Executive Board, PSD : President and CEO Company Secretary

## Company Secretary

The Board of Directors had appointed the Company Secretary whose duties includes giving advice to the directors as to the compliance with laws and regulations regarding their responsibilities, arranging board of director meeting, shareholder meeting, and meeting reports and all other works required by the law.

Additionally, the Company supported the Company Secretary to gain more knowledge and training in law and company secretary duties. Qualifications and experiences of the Company Secretary disclose in the Company's annual report as the attachment 1.

## Directors' and Executives' remuneration

### 1. Directors' Remuneration

The board of directors determines clear policies and guidelines for payment of directors' remunerations. For transparency, the remunerations are proposed to the shareholders' meeting annually for approval. They are adequate and motivational so that the company is able to keep highly qualified directors. Directors serving in committees receive appropriate remunerations based on their duties and responsibilities for those committees. Remunerations are divided into 3 parts:

- 1) Regular remunerations are paid monthly to directors.
- 2) Meeting remunerations are paid for directors who attend a board meeting.
- 3) Annual extra remunerations are paid for directors in accordance with the corporate annual operating results.

The Company determined the directors' remuneration which is approved by the shareholder meeting on February 26, 2016 as follows:

	Not Exceeding the amount of THB per year	
1. Remuneration for Chairman of Board of Directors	540,000	THB
2. Remuneration for Chairman of Audit Committee	540,000	THB
3. Remuneration for 19 directors THB 25,000 / person / month + bonus	8,550,000	THB
4. Meeting allowances for members in audit committee, nomination and remuneration committee, risk management committee, corporate governance committee who attend the meeting Chairman of the subcommittee who attend the meeting THB 7,200 Each director of the subcommittee who attend the meeting THB 6,000		
5. Meeting allowances for executive president		

*\* Noted: the directors' remunerations do not include the remunerations from subsidiary companies.*

### 2. Managing Director's Remuneration

Currently, the company is considering criteria for determining the managing director's remuneration corresponding with operating results, corporate size, and amounts offered by businesses operating in the same industry. The remuneration is a motive for the managing director's developing the company's continuous and sustainable growth.

### 3. Remunerations for the Management

Remunerations for the Management are in line with the Company's procedures and policies, and in relation to corporate operation results and each individual's performance. Amounts of the remunerations are motivational and enable the company to achieve loyalty among the competent Management.



## Remuneration in Cash

### 1. Remuneration for directors, paid last year

No.	Name of Directors	Position in Board of Directors	Year 2016			Total (THB)	Year 2015			Total (THB)
			Remuneration Yearly	Bonus	Meeting Allowance		Remuneration Yearly	Bonus	Meeting Allowance	
1.	Mr. Manu Leopatrote	Chairman	360,000.00	124,500.00	-	484,500.00	360,000.00	120,000.00	-	480,000.00
2.	Mr. Chamroon Chinthammit	Executive Director	300,000.00	103,750.00	11,800.00	415,550.00	300,000.00	100,000.00	6,000.00	406,000.00
3.	Mr. Prapas Chutimavoraphand	Executive Director	300,000.00	103,750.00	11,000.00	414,750.00	300,000.00	100,000.00	6,000.00	406,000.00
4.	Mr. Pornsin Thaemsirichai	Executive Director	300,000.00	103,750.00	11,000.00	414,750.00	300,000.00	100,000.00	5,000.00	405,000.00
5.	Mr. Somchai Chinthammit	Executive Director	300,000.00	103,750.00	11,000.00	414,750.00	300,000.00	100,000.00	5,500.00	405,500.00
6.	Ms. Duangkae Chinthammit	Executive Director	300,000.00	103,750.00	11,000.00	414,750.00	300,000.00	100,000.00	6,000.00	406,000.00
7.	Ms. Duangdao Chinthammit	Executive Director / Nomination & Remuneration Committee	300,000.00	103,750.00	23,000.00	426,750.00	300,000.00	100,000.00	16,000.00	416,000.00
8.	Mr. Tachpong Pakonsiriwongse	Executive Director	300,000.00	103,750.00	10,000.00	413,750.00	300,000.00	100,000.00	5,500.00	405,500.00
9.	Mr. Trakarn Chunharojrit	Executive Director	300,000.00	103,750.00	11,500.00	414,250.00	300,000.00	100,000.00	5,500.00	405,500.00
10.	Mr. Chatri Chinthammit	Director	300,000.00	103,750.00	-	403,750.00	300,000.00	100,000.00	-	400,000.00
11.	Mr. Chalush Chinthammit	Executive Director / Risk Management Committee	300,000.00	103,750.00	35,000.00	439,750.00	300,000.00	100,000.00	21,500.00	421,500.00
12.	Mr. Sukhum Tokaranyaset	Executive Director	300,000.00	103,750.00	11,000.00	415,750.00	300,000.00	100,000.00	6,000.00	406,000.00
13.	Mr. Thawatchai Rojanachotikul	Executive Director	300,000.00	103,750.00	11,000.00	415,750.00	300,000.00	100,000.00	6,000.00	406,000.00
14.	Mr. Somchart Chinthammit	Director / Nomination & Remuneration Committee	300,000.00	103,750.00	12,000.00	415,750.00	300,000.00	100,000.00	11,000.00	411,000.00
15.	Mr. Pramoon Vichiensin	Independent Director / Chairman of Nomination & Remuneration Committee	300,000.00	103,750.00	14,400.00	418,150.00	300,000.00	100,000.00	13,200.00	413,200.00
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director / Chairman of Risk Management Committee / CG Committee	300,000.00	103,750.00	46,800.00	450,550.00	300,000.00	100,000.00	38,400.00	438,400.00
17.	Mr. Sitti Leelakasamelurk	Independent Director / Chairman of Audit Committee / Risk Management Committee	360,000.00	124,500.00	52,800.00	537,300.00	360,000.00	120,000.00	48,400.00	528,400.00
18.	Mr. Karun Kittisataporn	Independent Director / Audit Committee / Nomination & Remuneration Committee / CG Committee	300,000.00	103,750.00	36,000.00	439,750.00	300,000.00	100,000.00	45,000.00	445,000.00
19.	Mr. Warapatr Todhanakasem	Independent Director / Audit Committee / Risk Management Committee / Chairman of CG Committee	300,000.00	103,750.00	57,600.00	461,350.00	300,000.00	100,000.00	60,600.00	460,600.00
20.	Ms. Nongluck Phinainitisart	Independent Director / Audit Committee / CG Committee	300,000.00	103,750.00	30,000.00	433,750.00	300,000.00	100,000.00	29,000.00	429,000.00
21.	Mrs. Intira Sukhanindr	Executive Director	300,000.00	103,750.00	11,000.00	414,750.00	300,000.00	100,000.00	6,000.00	406,000.00
<b>Total</b>			<b>6,420,000.00</b>	<b>2,220,250.00</b>	<b>416,900.00</b>	<b>9,057,150.00</b>	<b>6,420,000.00</b>	<b>2,140,000.00</b>	<b>343,600.00</b>	<b>8,903,600.00</b>

\* Noted : the directors' remunerations do not include the remunerations from subsidiary companies.

## 2. Remuneration for executives last year:

Remunerations for 11 executives (listed as corporate top executives) include salaries, bonuses and allowances amounted to THB 48.50 million.

### Other Remunerations

-None-

## Personnel

As of October 31, 2016, the Company's personnel information is as follows:

	Consolidated		Separated	
	2016	2015	2016	2015
Average Number of Employees (Persons)				
During Production Season	6,722	6,862	2,316	2,264
During Normal Period	5,213	5,166	1,912	1,725
Expenses related to employees (Million THB)	1,462.41	1,608.86	557.94	558.35

As of 31 October 2016, the Company had no significant labor disputes that may have a potential negative impact on its operations.

### Directorships and Executive Development

The company has provided training and human resources development programs for all of its personal through internal and external training. It allows the board to participate in its operations and ventures. Corporate directors and executives have participated in training courses organized by accredited institutions, such as Chairman Program, Director Accreditation Program (DAP), and Director Certification Program (DCP) provided by Thai Institute of Directors (IOD), also basic courses for the audit committee, courses offered by the Stock Exchange of Thailand, and cutting-edge management courses offered by other professional institutions. In 2016, some directors and executives have participated in training courses, for example, Ms. Duangdao Chinthammit (Director and Vice President) - Advanced Compensation Management Program, Mr. Chalush Chinthammit (Director and Vice President) Ultra Wealth Plus, Mr. Chanachai Chutimavoraphand (Vice President) - Executive Energy Program

New directors are required to complete training and orientation providing important knowledge and skills that are crucial for their directorships. Once there are business expansions or new ventures, the company invites corporate directors to visit the sites and monitor the progress regularly.

### Succession Plans

The Board of Directors realizes that the Company growing depends on personnel who are educated, talent, and moral person. Therefore, the Board of Directors pass the policy to the executive regarding develop and manage personnel effectively.

The Company selects personnel who are in the executive position appropriately to ensure that the executive team has ability and fit for the position and smoothly manage the duty. To ensure readiness for the circumstance, the Company has prepared its human resources to be able to take on different responsibilities assigned in order to appropriately cover for their colleagues or fulfill their new positions. Executives are given opportunities to learn about the work outside their fields. This is to enable them to fill in assignments for their colleagues who are unable to take on the responsibilities. The board of directors has assigned the nomination and remuneration committee to research and coordinate with accredited consulting firms and professional institutions during development and revision of succession plans.

The Company specifies the succession plan as follows:

- Specify the important position or major position
- Specify the latency or capability of the major position
- Finding a successor in succession plan
- Set a policy for individual personnel development

**Personnel Development Policy**

The company has always valued its human resources. Policies on continuous training and human resource management have been established. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to grow in their fields. All employees are required to receive training that is in line with the company's direction and strategies. Training is well planned and always financially supported by the company which are held in the company and outside by other institutions. Also, the Company encourages the communication to transfer and share knowledge between employees in the organization (Knowledge Management).

In addition, the company has focused on developing better quality of life of employees. Also, the company has focused more on developing employees' knowledge and understanding about health and environmental safety in the workplace.

# CORPORATE GOVERNANCE

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## Policy of Corporate Governance

The Board of Directors deems it suitable to revise the Corporate Governance Policy, at its Meeting No. 3/2015 on 26<sup>th</sup> June 2015. The Company set the policy of Corporate Governance in 7 Chapters as follows: 1. Rights of shareholders, 2. Equitable treatment of shareholders, 3. Role of stakeholders, 4. Disclosure and transparency, 5. Role and Responsibilities of the Board of Directors (which include organization structure, qualification and structure of the Board of Directors and other committees such as the Board of Executive Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Governance Committee; this policy covers the board meetings, board self-assessment, and remuneration for directors and executives as well), 6. Anti-Corruption, and 7. Reporting Information on Misconduct and Fraudulent Activities.

## Rights of Shareholders

1. The Company proposes a complete notice of a meeting both in Thai and English on the company's website 30 days prior to the meeting day. A notice of a meeting and supporting documents shall deliver to shareholders 7 days prior to the meeting day in case of general agenda and 14 days prior to the meeting day in case of special agenda.
2. The Company's website where corporate shareholders and those interested may download corporate financial information, corporate profiles, and meeting information is [www.kslsugar.com](http://www.kslsugar.com). Inquiries and requests for further information may be e-mailed to [ir@kslgroup.com](mailto:ir@kslgroup.com) and [secretary@kslgroup.com](mailto:secretary@kslgroup.com)
3. The Company facilitates and encourages its shareholders to exercise their rights and votes. There are two closing times of the transfer book. The Shareholders Register is first closed for shareholders' right to attend a shareholders' meeting, allowing the shareholders to consider and approve the annual dividend payment. The Register is closed again for shareholders' right to receive dividends, allowing the shareholders to choose whether they will hold the stocks for the dividends or not. Shareholders meetings are organized at convenient venues which is easily accessible by public transportation. The Company has chosen to hold annual general meetings at hotel in the middle of Bangkok, near the Company's head office. Shareholders can submit the registration form prior to the meeting day. For more convenient way, the Company uses barcode for registration. Stamps for proxy are prepared for shareholders. The meetings are notified in newspapers.
4. The Company held the Annual General Meeting 2015, No. 1/2016 on February 26, 2016. Corporate shareholders were given opportunities to directly inquire the corporate directors and committees. The Company does not deprive its shareholders of access to corporate information. All important information is included in distributed notices without any last-minute addition of agendas or changes in important matters. Shareholders who arrive late are always allowed to attend meetings. The meeting was recorded by video recorder.
5. In the annual shareholders meeting notice, the Company informed its shareholders about rules and procedure of attending the shareholders' meeting. It nominated corporate independent directors: Mr. Sitti Leelakasamelurk and Mr. Karun Kittisataporn as the shareholders' proxies. Shareholders were provided with proxy forms (Form A, B, and C).
6. Agenda of the 2015 Annual Shareholders' Meeting (1/2016) notice covered statement of financial position, profit and loss statement, reduction of unpaid registered capital, dividend payment, increase of capital to accommodate the share dividend, allocation of ordinary shares to accommodate the share dividend, election of replacement directors whose terms have ended, consideration of remuneration for directors, and approval of auditor for the year 2016.

7. In the AGM 2015, No. 1/ 2016 the Chairman informed corporate shareholders about procedures relevant to the meeting including voting procedure. The shareholders were given opportunities to express their opinions and ask questions. There were inquiries about the Company's financial statements and operating results. In director appointment, the shareholders voted on each nominated director. Voting cards were used.
8. In minutes of the AGM 2015, No. 1/ 2016, names of all the directors physically present/absent were shown. Summaries of clarifications, questions, answers, opinions, the voting procedure, and the vote count procedure were provided. Regarding disagreement, the meeting resolution was presented along with the total of votes in favor/ against and no vote. The minutes were posted on the corporate website within 14 days after the AGM.
9. The Company reported the financial statement certified by auditor to the SET within 60 days after the year end.

### Equitable Treatments of Shareholders

1. A shareholder has a voting right in one share/ one vote. The Company has only ordinary shares.
2. The Company prescribes the using inside information in CG Policy and disseminate to employees, executives, and directors aware of limitation, prohibit to use inside information as well as not trading any transaction in one month before disclosing financial statement or operating result of the Company.
3. The Company allows its shareholders to propose matters to be included in a meeting's agenda, prior to the meeting, with requirements and procedures. For instance, the proposal may be submitted by one single shareholder or several shareholders holding at least 5% of total shares. A meeting agenda is presented in detail. Criteria for approving or rejecting proposed matters as part of meetings' agendas are stated clearly. There are channels and periods of time for accepting shareholders' proposals. After proposals are accepted, the Board of Directors' meeting will consider and select the proposals. Shareholders will be informed about the Board's meeting resolutions and reasons in detail regarding the proposals through the Company's website and corporate shareholders did not propose any additional matters to be included in the shareholders' meeting agendas. Moreover, the Company encourages its shareholders to electronically submit the Board their inquiries related to shareholders' meeting agendas via its website prior to shareholders' meeting dates.
4. The Company has facilitated nomination of candidates for corporate directors by shareholders. Guidelines for the procedure and criteria have been provided. For instance, registered mail can be used for shareholders' submission of their nominations to the Company's Secretarial Division. Periods of time for accepting shareholders' director nominations are defined. Forms for nominees' profiles are provided. The procedure for nominees' declaration of their consent is explained. Detailed information regarding the nomination is posted on the Company's website. After nominations are accepted, the board of directors' meeting will consider the nominations. However, up to the present there has been no nomination from corporate shareholders.
5. Regarding the use and protection of inside information, the Company has established measures to prevent the use of inside information by directors, management, and employees for abusive self-dealing.
6. The Company requires that a director shall not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the Company's direct and indirect competition, unless the information about their position(s) is disclosed to the shareholders' meeting before the appointment. Directors shall inform the Company immediately about their direct and indirect conflicts of interest arising in any corporate contracts done between fiscal years, or due to change in their acquisition of shares or debentures of the Company or its subsidiaries between fiscal years. The Company encourages its directors, Management and those related to the Board to disclose information about their interests as part of the Board's meeting agendas. Directors who have interests in any issues being considered are not allowed to vote on those particular issues.
7. In the past year, no directors nor executives using insider trading. The Company is not violating connected transaction.



## Role of Stakeholders

Besides protecting the benefits and rights of its shareholders, the Company realizes the significance of other stakeholders contributing to its financial stability and sustainability. These stakeholders include, customers, employees, suppliers, creditors, and the surrounding community. The Company has always ensured integrity and fair treatment for each stakeholder through its established business ethics, such as:

**Rights of Shareholders** : The Company abides by the Corporate Governance Policy and guidelines regarding shareholders and equal treatment to shareholders and prescribes consistent Business Ethics.

**Rights of Employees** : The Company prescribes the Corporate Governance Policy and guidelines regarding employees in the Chapter on Roles of Stakeholders and provides the conforming Business Ethics. Apart from respecting the employees' legal rights according to the Labour Protection Act and the related laws, the Company commits to the importance of employees at all levels without discrimination on race, religion and gender. All employees are equal and are treated equally. They are entitled to welfare without discrimination. The promotion is done by a committee which consists of executives from different units to ensure transparency and fairness. Besides, the Company encourages the acquisition of knowledge through internal and external trainings so as to cope the future growth. The Company establishes a provident fund for employees and abides by the announced Thai labor Standard 8001-2553 which the Company is certified at the highest level from the Department of Welfare and Labour Protection, Ministry of Labour.

**Rights of Customers** : The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that the Company applies international quality control system, e.g., ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER, etc. so as to create the utmost satisfaction to the customers in terms of quality and product standard, timely delivery and international standard service and strict confidentiality keeping and provides consistent business ethics to ensure responsibility and long-term relationship with the customers.

The Company regularly communicates with the customers through various channels and visits the customers to know the need of the customers as well as to give useful information to the customers. The Company invites the customers to visit and audit the work system of the Company and the factories so that the customers can consider potential and readiness of the Company as a seller in accordance with the customers' standard. The Company provides the customers' satisfaction yearly survey as a part of ISO 9001 and takes into account the Customers' observation to improve its service and production, e.g. delivery, quality, after sale service, etc. Besides, the Company provides customers with channels for complaints and recommendations as deemed appropriate by the customers. By average, the Company receives approximately 40-50 complaints and recommendations per year regarding the operation of 5 sugar factories.

The Company extends full cooperation with the customers when they need certification form the Company that the latter complies with the principles of corporate governance and other significant standards. By the same token, the Company informs the customers of its corporate governance policy and anti-corruption policy as well as its implementation of the policies to ensure that the business dealing with the Company shall not conflict with any standard adopted by the customer. The Company commissions an external firm to evaluate the operation and to certify its compliance with the Thai labour standard.

**Rights of Suppliers** : The Suppliers hereby include, apart from contracting parties in sales and service of work, joint investors in some specific business. The Company acknowledges the legal rights and contractual rights pursuant to the joint investment by adhering to principles of honesty, equality and right to return of investment.

The Company has the Corporate Governance Policy and guidelines regarding customers in the Chapter on Roles of Stakeholders saying that it supports fair and free competition, equality in doing business and mutual benefits, transparent and fair procurement. The Company prescribes the qualifications of the customers who are entitled to offer bidding as well as announces openly and equally to the rightful bidders of the complete information and conditions regarding the procurement. The Company keeps confidential the bidding prices from the suppliers and does not disclose to other bidders. The Company shall not demand any benefit from the suppliers in exchange of executing contracts with the

Company as well as prescribes in the Business Ethics of such practices. As for the service of work in the Company's sites, the Company provides safe working conditions for the contractors and emphasizes that the contractors must strictly abide by the Company's rules of safety. Upon completion of the work, the Company has a process of transparent and fair acceptance of work and shall pay the contractors in due time.

The Company through the procurement department communicates with the suppliers through various channels of important matters and provides channels for the suppliers to send their complaints or information. In 2016, the Company held a meeting with major supplies to inform them of the implementation of the corporate governance policy and anti-corruption policy on 12 September 2016 in two sessions. 94 suppliers (75.20% of the 125 invited) attended the meeting. Besides, between late August and the beginning of September 2016, the Company sends letters to large and small suppliers by informing them of the policies together with copies of relevant policies. 91 from 125 suppliers (72.0%) acknowledge the information in writing. The procurement policy also announces the policy in front of its office for viewing by visitors. In 2017, the central procurement unit shall request all factories to extend anti-corruption policy to local suppliers so that acknowledgement of the information shall be as much as possible.

**Rights of Creditors :** The Company has the Corporate Governance Policy and guidelines regarding creditors in the Chapter on Roles of Stakeholders saying that shall abide by the agreement made with the creditors regarding the timely payment, appropriate use of financial service, providing and keeping collateral and other conditions such as correct financial reports for the use of credit analysis, debt-equity ratio. The Company has gained trust from the creditors through ethical operation and facilitates information for the understanding of the Company's business through the Annual Report and the Annual Statement (Form 56-1) and the financial status through financial reports which are made and audited in accordance with the generally accepted standard. The Company prescribes these practices in the Business Ethics consistently.

**Rights of Community and Environment :** The Company has the corporate governance policy and guidelines relating to community treatment under the role of stakeholders. The Company shall support and participate in charitable and community development activities to create good relationships and improve quality of life for communities surrounding our business operations. The Company collaborates with the government sector and agencies, helps developing public infrastructure, provides financial supports, and promotes social activities that bring understanding and sustainable development to the community. Projects supported and developed by KSL in 2016 are as follows:

1. KSL Group has been selected by Thaipat Institute as one of 100 outstanding listed companies in terms of ESG (Environmental, Social and Governance) which is on the basis of business-sustainability development.
2. Donation of goods and other necessities to help Phayao flood victims as part of a program dubbed "Good Heart for Northern Flood Victims".
3. A project dubbed "Great-hearted Giving Life" which is a group training about health care and elderly care under "CSR-DW continuous 2016 Program".
4. Activity to release 5,000 plant-eating fishes into public water sources at Nam Phong district, Khon Kaen province. The activity was aimed at increasing the fish population and propagating to the community.
5. Community leader and KSL staff jointed together to plant trees and restore forests area of 2.5 kilometres from village in order to reduce air pollution and improve air quality.
6. Establishment of the learning center of sufficiency economy to Ban Nong Mai Kaen village, Tha Maka district, Kanchanaburi province under 70 years KSL, 70 Sufficiency Economy Programs which aims to promote the principles of sufficiency economy through various community - based activities.
7. Public relation activities for the year 2016 around factory area in order to meet local people and receive their comments and complaints. Furthermore, KSL Group has also disseminated knowledge regarding cane policy, factory environmental policy and the principles of sufficiency economy which could reduce their expenses such as making soap and shampoo for household use, growing homegrown vegetables and so on.

8. The project called "CSRKSL" to pay a visit and provide the medical checkup to the people in the communities around the area by the physicians from the Nam Phong hospital and the officers from each district hospital and give the advice about health care, medical supplies usage and the disease control. Moreover, the company also invited the physical therapist to educate about the exercise.
9. The learning center of Sufficiency economy to Thairath Vittaya school. KSL CSR staff collaborated to improve the structure of mushroom cultivation farm and gave the suggestion about the correct method to grow mushroom so the teachers and students can produce and sell the product to increase their income.
10. The company has organized the project to train the employees to improve the quality of life according to the sufficiency economy philosophy.

**Human Rights :** The Company has the policy not to involve in human right violation by providing in the corporate governance policy saying that the Company promotes and respects human rights as well as operates its business in line with the principles and intent of the United Nations Declaration on Human rights and other international agreements that Thailand is a party and shall not participate in any act that is against the human right principles.

In respect of environment, Company has the Corporate Governance Policy and guidelines regarding environment in the Chapter on Roles of Stakeholders saying that the Company uses natural resources and energy as necessary and supports the reuse and recycling of raw materials and waste in production process. Bagasses left after cane crushing shall be made fuel for boilers in production process of sugar and electricity; Carbon dioxide derived from burning process shall be used in the carbonation process of syrup; water from ethanol production process shall be used in fermenting biogas which is further used in factories. Each factory shall emphasize on the protection of environment by not releasing waste or pollutants to the community. The factory uses modern dust collector to prevent emission. The water treatment system is developed to ensure that the used water shall be clean enough for reuse or for discharge to natural source. As for any project that may have adverse effect to either community or environment, the Company shall conduct a study and ask for opinions of the would-be impacted group and shall prepare for the reduction of impact. The Company prescribes criteria for studying environmental and social factors and reduction of impact along with the feasibility of the new project. The Company strictly complies with the laws on environment.

The Board of Directors set a policy and guidelines as to no infringement of intellectual property by providing clearly in the corporate governance policy and the Business Ethics.

**Local administration / government agencies :** The Company abides by the laws which regulate the business and other relevant laws as enforced by local administration and central government agencies and cooperates with government units to develop the locality. The group of companies coordinates with the local government agencies to ensure that the companies correctly comply with the laws and regulations, e.g., coordination with municipality, provincial industry office, natural resources and environment office, underground water office, water resource office, irrigation office, regional revenue office, welfare and labour protection office, social security office, skill labour development office, etc.

The group of companies regards as highly important the cooperation with local administration / government units that ask for support to help develop community around the operating areas of the companies, e.g. municipality, Tambon administration, hospital, district public health, school, police, etc.

The Company at Nampong Branch had continually provided CSR activities with local administration. The following are examples of the activities.

1. giving money and composted fertilizer to Nampong Municipality, Amphur Nampong, Khon Kaen to support vegetable growers around Thund Theaw Swamp on 16 November 2016

2. attending meeting with Nampong Municipality, Amphur Nampong, Khon Kaen on the agenda of preventing environmental pollutions in the area of Nampong sub-district on 16 November 2016
3. giving money to support "Bun Bung Fire" tradition to District Administration Phung Thui, Amphur Nampong, Khon Kaen on 14 May 2016
4. setting up a booth on (technology transfer) Field Day and agriculture service for the startups for the new planting season 2016 at Amphur Khao Suan Kwang, Khon Kaen with provincial agriculture office and District agriculture office in Khon Kaen on 14 June 2016

Tamaka Co., Ltd. held activities with other units in the locality, such as

1. with network alliance including Electricity Generating Authority at Sri Nakarin Dam, department of National Park, wildlife and plants, Thammasat University Rotaract Club, Thai PBS, 9th regiment and others, an activity under the project "709 check dams 7009 small trees for reforestation" at Tambon Nasuan, Amphur Srisawat, Kanchanaburi.
2. with network alliance CSR including Electricity Generating Authority Kanchanaburi, Thai PBS, Region 7 Water Resource Office, Secretariate office of the House of Legislative and others, an activity under the project "709 check dams 7009 small trees for reforestation" at Tambon Maekrabung, Amphur Srisawat, Kanchanaburi.
3. with network alliance CSR including schools, municipality, Electricity Generating Authority and others, organizing the check dam project of 2016 and repair old check dams and build new check dams at Tambon Nasuan, Amphur Srisawat, Kanchanaburi.

Khon Kaen Sugar industry PLC at Nampong Branch has some activities with local entities, e.g., volunteer to be a member in Electricity Development Fund with duties to consider the projects submitted by the communities, built toilets for Kud Nam Sai Kindergarten, supported villagers with agricultural materials such as fertilizer, molasses as well as gave sporting equipments and scholarship to students in local schools.

The company always realizes the importance of all groups of stakeholders as mentioned. It also values all suggestions, opinions, and comments that enable development, improvement and correction of the corporate operations. All stakeholders can contact the Company's management, the head of internal audit committee, the head of human resource department, or the chairman of audit committee to report improper incidents, complain, request for clarifications or correction, or make any suggestions via email. In the previous year, there was no wrongdoing reported to the company. Details information regarding procedure to report wrongdoing is provided in the Company's Corporate Governance Manual, under the heading Reporting misconduct, fraud, and non-compliance to Code of Business Ethics.

## Disclosure of Information and Transparency

The company ensures that corporate information is provided correctly, accurately, on time, and transparently through channels that are trustworthy and equally easy to access for the public. The followings are corporate practices:

1. Annual Statement (Form 56-1) is disclosed within 3 months after accounting period end and Annual Report (Form 56-2) is disclosed within 4 months after accounting period end through the SET channels and corporate website, [www.kslsugar.com](http://www.kslsugar.com). There are also updates related to the company and the industry posted on the website to facilitate decision-making of those involved.
2. In the previous year, the company's disclosure of information and transparency were approved by the Securities and Exchange Commission and the Stock Exchange of Thailand, as its practice was in accordance with disclosure requirements. Effectiveness of the corporate information disclosure procedure was evaluated by outsiders.

3. The company disclosed additional information including duties of the Board of Directors and committees, the director and executive remuneration policy, summarized corporate governance policy, environmental and social policies, the company's compliance with established policies, summarized business ethics, and directors' training background were disclosed.
4. A statement of the Board of Directors' responsibilities for the company's financial statements is provided along with the auditor's report in the corporate annual report. The contents include the certification that the company's financial statements are fairly presented in accordance with generally accepted accounting principles and regulations, and that the financial statements are accurate, complete, and true according to accounting standards. The statement is signed by the Chairman and managing director.
5. Contents of the Company's website consist of organizational information, shareholding structure, the Board structure, vision/missions, businesses and products, corporate governance policies and compliance results, business ethics, information for investors, environmental and social policies, annual reports, financial statements, news and updates in both Thai and English.
6. The company specifies that directors and executives need to prepare a report of interests of directors, executives and related persons which involved with the Company once they are being directors or executives and report when information changes and every year end. The Office of Company Secretary and Legal will send the report to the Chairman and the Chairman of the Audit Committee.
7. The company is well aware of the importance of disclosing information to investors with accuracy, transparency, and accessibility. A team set up to coordinate communications between the company, investors, and shareholders can be reached by email at [ir@kslgroup.com](mailto:ir@kslgroup.com) or the following contacts:

1. Mr. Meechai Piyavisadpat	Telephone: 02-642-6230	Email: <a href="mailto:meechai@kslgroup.com">meechai@kslgroup.com</a>
2. Mr. Chanachai Chutimavoraphand	Telephone: 02-642-6230	Email: <a href="mailto:chanachai@kslgroup.com">chanachai@kslgroup.com</a>
3. Mr. Chalush Chinthammit	Telephone: 02-642-6230	Email: <a href="mailto:chalush@kslgroup.com">chalush@kslgroup.com</a>

To promote better understanding of the company's businesses and facilitates the distribution of the information to interested investors, the company has produced an annual investor relations plan; held quarterly analyst meetings at corporate conference room. Additionally, in 2016, the Company participated in the "Opportunity Day" program organized by SET that provides an opportunity for listed companies to present their business, operating results, and give updates on their current and future projects to investors, analysts, and the press.

For foreign investors, the company collaborated with securities companies and financial analysts to prepare for various road shows presenting its operating results and project progress. In the previous year, the company attended conferences presenting corporate operating results and progress in Singapore in conjunction with the Stock Exchange of Thailand. Visits to the company have been arranged for domestic and foreign investors. Appointments can be made in advance with the company's investor relations team.

### Responsibilities of the Board of Directors

1. The structure of the Board consisted of 21 directors. 7 out of 21 are independent directors of which one, who is not the Managing Director, is the Chairman of the Board. The company's Board of Directors possesses skills and expertise in various fields, such as accounting, finance, law, governance, production technology, personnel, purchasing, marketing, real estate, internal audit, and information technology. Detailed profiles, qualifications, experiences, and ownership of directors are included in Form 56-1.



## Category of Director

No.	Name-Family Name		Category of Director			
			Shareholder Representatives	Non-Executive Director	Independent Director	Executive Director
1.	Mr. Manu	Leopairote		/	/	
2.	Mr. Chamroon	Chinthammit	/			/
3.	Mr. Prapas	Chutimavoraphand	/			/
4.	Mr. Pornsin	Thaemsirichai	/			/
5.	Mr. Somchai	Chinthammit	/			/
6.	Mrs. Intira	Sukhanindr	/			/
7.	Mr. Trakarn	Chunharojrit	/			/
8.	Ms. Duangkae	Chinthammit	/	/		
9.	Ms. Duangdao	Chinthammit	/			/
10.	Mr. Tachpong	Pakornsiriwongse	/			/
11.	Mr. Chatri	Chinthammit	/			/
12.	Mr. Chalush	Chinthammit	/			/
13.	Mr. Sukhum	Tokaranyaset	/			/
14.	Mr. Thawatchai	Rojanachotikul	/			/
15.	Mr. Somchart	Chinthammit	/	/		
16.	Mr. Pramoon	Vichiensin		/	/	
17.	Pol.Gen. Boonpen	Bumpenboon		/	/	
18.	Mr. Sitti	Leelakasamelurk		/	/	
19.	Mr. Karun	Kittisataporn		/	/	
20.	Mr. Warapatr	Todhanakasem		/	/	
21.	Ms. Nongluck	Phinainitisart		/	/	
<b>Total</b>			<b>14</b>	<b>9</b>	<b>7</b>	<b>12</b>

- It is required that during the annual general meeting, one third (1/3) or close to one third of corporate directors resign. Each director's term is three years. In case that the Board serves until the end of its term and the new Board has not yet been appointed, the former Board still continues to work until the new Board has been appointed. The company has not determined the total terms the Board can consecutively serve. The Nomination and Remuneration Committee is considering this matter in relation to feasibility of selecting personnel with experience specific to the company's business to serve in the Board.
- The Board of Directors has established the following committees: the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance Committee, as well as defined their functions and responsibilities. For transparency and independence in the work, the majority of the committee members are independent directors, and chairs of the committees are independent directors. To maintain true independence of the corporate committees, the Chair of the Board is not the chair or a member of those committees. The committees serve 3 years. In case that a committee serves until the end of its term and a new committee has not yet been appointed, the former committee still continues to work until a new committee has been appointed. At the end of their term, if a director is not re-elected, their position in their current committee shall end automatically. If there is a new director in a committee, that director shall remain in the position as long as the committee's term.

4. The board requires that a director must not operate or have any position in any ordinary partnership, or be a general partner in limited partnership, or be a director in any other limited company or public company limited that operates businesses of the same nature and that is the company's direct and indirect competition, unless the information about their positions is disclosed in the annual general meeting before the appointment. The requirement is applied to corporate executives as well.
5. The company's vision, missions, strategies, goals, business plans, budgets, internal control, internal audit, and risk management have been governed with effectiveness and efficiency. The current corporate vision has been reshaped from being a sugar manufacturer to a producer of alternative energy which is environmentally friendly. The new vision is based on the idea that sugar is an energy source for human beings. Ethanol fuels automobiles. Fertilizer nourishes plants. Electricity energizes appliances. Corporate investments are in line with such vision.
6. The board has established corporate governance policy as follows: "The company is committed to corporate governance to build trust among shareholders, employees, and customers, as well as to create sustainable competitive advantage. It emphasizes internal control, internal audit, and risk management, as well as ensures that managements implement policies effectively in compliance with legislation and business ethics." The policy has been communicated throughout the Company. The company ensures that its personnel understand and comply with the corporate governance. The work and corporate policies are always evaluated and reviewed annually.
7. The board has set a written ethics and codes of business conduct for the company's directors and employees, which cover key matters, such as honesty, integrity, conflicts of interest, and compliance with laws. Compliance to the codes is monitored, and penalties are defined. Each year the Corporate Governance Committee evaluates, reviews, and revises the codes of conduct.
8. Prevention of Conflicts of Interest, The Board of Directors thoroughly considers and deals with transactions with (potential) conflicts of interest. The Audit Committee considers related-party transactions according to the SET legislation and procedure. Stakeholders in the related transactions are not allowed to decide on those particular transactions, which are fully and accurately disclosed in annual reports and from 56-1.
9. Efficient Administrations and Internal Control, the company's internal control unit has been formed to ensure effective operations, accurate and reliable information, compliance with legislation, efficient and effective use of corporate resources, and protection and corporate assets. The corporate internal audit provides analyses, audits, evaluations, advice, and recommendations to support corporate activities. The audit committee independently reviews and audits adequacy and efficiency of the company's internal control and internal audit once a year. The opinions on the corporate internal control system are included in the annual report.
10. Risk Management. The Risk Management Committee engages in establishing the total risk management. Adequacy and efficiency of the company's risk management system will be reviewed at least once a year. The early warning system will be in place for irregularity scanning.
11. The Company sets the Board of Directors meeting dates and notifies the directors of those date in advance. The Board of Directors shall hold at least 6 meetings per year. For the flow of the company's operations, there are monthly executive meetings where the board entitles the meeting to make decisions. In every board meetings, the board of directors is informed about matters that have been approved by the Company's executive meeting to ensure that the board is able to supervise, control, and monitor the work of managements on a regular basis.

In 2016, the Board held 7 meetings, and 1 non-executive directors meeting (without management). The non-executive directors independently express their opinion regarding management.

In board meetings, the chairman, managing director, and company secretary consider agendas. This is to ensure that the agendas cover important matters. Each director may propose agendas independently.

Office of Company Secretary and Legal sent meeting documents to each director in advance at least 7 days before the meeting date with supporting documents.

In a board of directors meeting, the chairman of the board allocates adequate meeting time for managements' presentations and comprehensive directors' discussions. The chairman encourages careful consideration in the meeting. Directors pay attention to each issue presented in the meeting, including issues concerning governance of the company. Top executives from different departments attend the board meeting to present details on the issues that they are responsible for in order to facilitate the Board's decision-making. The Board also has a chance to know more about the top executives, as well as has access to important additional information through the top executives. Directors may request more information about issues in the meeting from the company's secretary.

Minutes of the board of directors' meetings include such important matters as dates, times, names of directors who are present and absent, summaries of proposals, summaries of discussions and remarks, resolutions, opinions from directors who disagree, names of people preparing minutes, and names of those approving minutes. The minutes are bound and easy to retrieve. They cannot be changed. Numbers of the board meetings and attendance are disclosed. The board sets a meeting every 3 months in a year, and the executive committee has monthly meetings concerning the company's operating results. Information from the executive committee meetings is presented to the corporate board of directors.

Each year the board evaluated its works according to the applicable SET evaluation criteria. Also, there were evaluations of directors in groups and individually including the subcommittee. The board considered the evaluation results and put forward recommendations for improvement.

### Anti-Corruption Process

The Company has a policy prohibiting directors, executives, and staff from committing any kind of corruption. There shall be assessed a risk from corruption and a review on compliance with the Policy regularly. Also, there shall be reviewed the guidelines on compliance and the regulations of each part so that they be in line with the changes of the laws, regulations, acceptable standards, and business of the Company.

Guidelines for Practices: The Company shall make this Policy on Anti-Corruption known to its staff for proper compliance widely and thoroughly, by preparing the Ethics on Anti-Corruption and Manual for various departments in the part relating to Policy on Anti-Corruption, for use in training, implementation, or learning by the staff, and for propagation via various suitable channels. Besides, the Company shall provide protection for the staff who reports an incident or a lead about a corruption under the criteria prescribed including regulations and work regulations concerned. A corruption is regarded as a wrongdoing and/or a dishonest act, as the case may be, and the person committing corruption is regarded as having violated the discipline and shall be subjected to punishment according to the work regulations of the Company and may also be subjected to criminal prosecution in criminal and civil courts.

On 26 September 2014 the Chairman of the Board of Directors had signed a letter of intent and acknowledged the commitment terms set by the Private Sector Collective Action Coalition Against Corruption group that seeks to deter all types of corruption activities within the private sector. The Company provided the Manual of Anti - Corruption which is used in July 2016 including improving all documents, and work processes to the alignment of the said commitment terms and its self-assessment guideline. The Company submitted its improvements to the Private Sector Collective Action Coalition Against Corruption Council (CAC) for further consideration and endorsement.

For the purpose of preparing required documentation and references to gain membership to the Private Sector Collective Action Coalition as prescribed by the Private Sector Collective Action Coalition Against Corruption Council (CAC), the Company has hired a specialist consultant for this task and estimated that membership application was submitted in Q4 of 2016.

### Giving Information of Wrongdoing and Dishonest Acts

According to Corporate Governance Policy, The Company has a channel for reporting lead or information on any commission of wrongdoing and dishonest act, or whistle-blower hotline, so that the stakeholders may provide information which is beneficial to the examination, elimination, and prevention of wrongdoing or dishonest act, or lodging of complaints, and so that such be rectified accordingly.

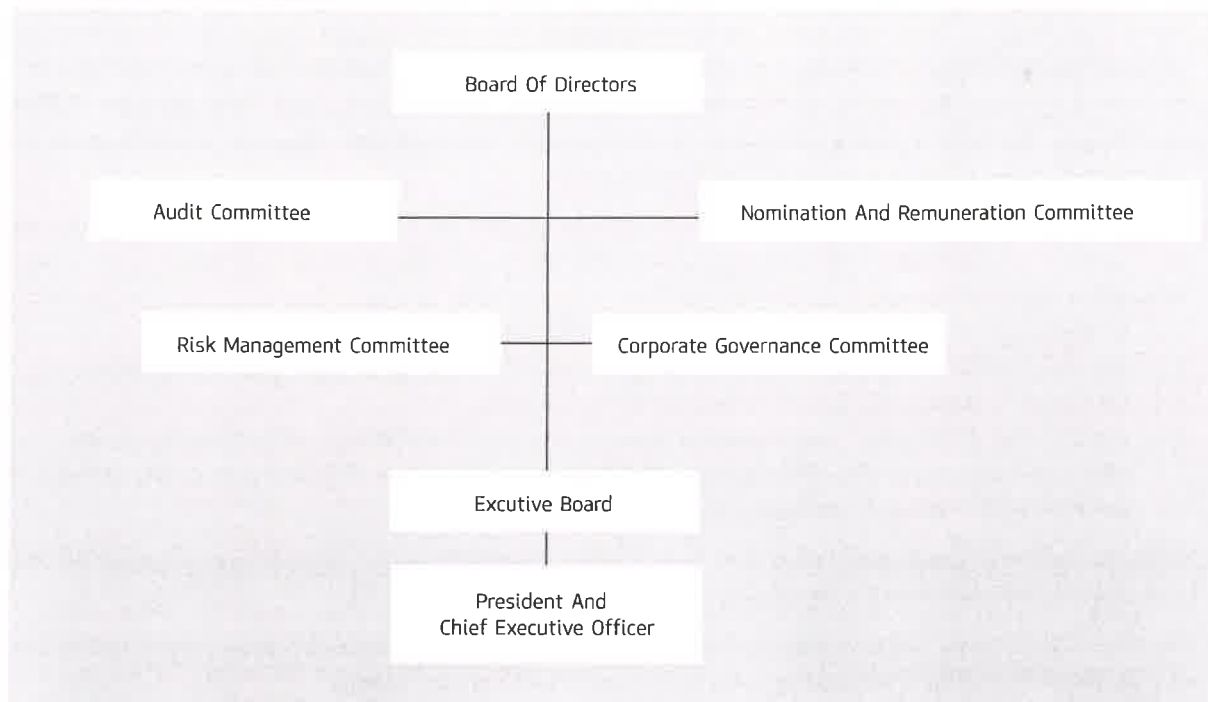
## Channels for Giving Information

1. When a staff finds, or there is reason to believe in good faith, that there has been committed a wrongdoing or a dishonest act concerning the Company or its subsidiary companies, he/she shall inform his/her superior from the level of Manager forthwith, either verbally or in writing. If such report is ignored, he/she shall notify the higher superior according to the Form of Giving Information of Wrongdoing or Dishonest Act. However, the staff should not self-conduct further inquiry or questioning any suspicious acts.
2. If a staff is in a difficult situation or he/she is not comfortable to notify the said superior, or he/she suspects that his/her superior or any executive of the Company is connected with a wrongdoing, he/she may choose to file a report through the following channels:
  - 2.1 Manager, Internal Audit Office, Tel. 02-642-6092, Ext. 122, or email: IA@kslgroup.com.
  - 2.2 Manager, Human Resources Management, Tel. 02-642-6092, Ext. 969, or email: Ampaporn@kslgroup.com.
  - 2.3 Send email to IA@kslgroup.com on the intranet of the Company.
  - 2.4 The Chairman of the Audit Committee or the Board of Directors of the Company, at the following address:  
Khon Kaen Sugar Industry PCL 503 KSL Tower, 22<sup>nd</sup> Floor, Sri Ayudhya Road, Thanon Phayathai Sub-District, Rajathevi District, Bangkok Metropolis 10400, or email: IA@kslgroup.com.
3. When the persons or above departments have been notified of a commission of wrongdoing or dishonest act, they must report such to the Internal Audit Office at once.
4. The Internal Audit Office shall have the duty to prepare a register of complaints and shall prepare a report summarizing the receipt of information of wrongdoing to the Audit Committee at its next meeting.
5. The Internal Audit Office shall consider initially that at which department the commission of wrongdoing occurred, and shall then send the complaint to the said department for investigation, and shall also monitor the proceeding of said department from time to time.
6. The fact-finding, the investigation, the disciplinary action, and the legal action shall be in accordance with the regulations governing such.
7. Upon completion of the complaint, the work unit concerned shall report the result to the Internal Audit Office for forwarding the matter to the Audit Committee at its next meeting.

## Protection of Informant

1. The Company shall not terminate employment, suspend, inflict disciplinary action, or threaten to take any action against any staff who provided information of wrongdoing. Whoever violates this clause shall be subjected to disciplinary action.
2. The Company shall protect the informant including the person rendering cooperation or assistance in the investigation in good faith from any threat and harassment.
3. The Company shall provide protection additionally and specially according to suitability, by taking into consideration the degree of severity and the importance of complaint. In the event the informant is threatened or harassed, he/she shall report such to the Managing Director for ordering the Human Resources Department to provide protecting measures for the informant suitable to the circumstances.
4. In the event a staff has reported a complaint or has provided information of wrongdoing in good faith, even though the Company finds no wrongdoing as lodged, the Company shall not inflict any punishment on the said informant. Nevertheless, if the result of investigation finds that the complaint is baseless and it was done with ill intention or an intent to yield damage to other person, or it was a giving of false statement, the Company shall consider inflicting disciplinary action to the staff who gave the information according to the work regulations, and shall also consider taking legal action against the said person.

## Organization Structure



## Board of Directors

**As of October 31, 2016, the Company's Board of Directors comprises of:**

1.	Mr. Manu	Leopairote	Chairman and Independent Director
2.	Mr. Chamroon	Chinthammit	Director
3.	Mr. Prapas	Chutimavoraphand	Director
4.	Mr. Pornsin	Thaemsirichai	Director
5.	Mr. Sukhum	Tokaranyaset	Director
6.	Mr. Thawatchai	Rojanachotikul	Director
7.	Mrs. Intira	Sukhanindr	Director
8.	Ms. Duangdao	Chinthammit	Director
9.	Mr. Somchai	Chinthammit	Director
10.	Ms. Duangkae	Chinthammit	Director
11.	Mr. Chalush	Chinthammit	Director
12.	Mr. Chatri	Chinthammit	Director
13.	Mr. Somchat	Chinthammit	Director
14.	Mr. Tachpong	Pakornsiriwongs	Director
15.	Mr. Pramoon	Vichiensin	Independent Director
16.	Pol. Gen. Boonpen	Bumpenboon	Independent Director
17.	Mr. Sitti	Leelakasamelurk	Independent Director
18.	Mr. Karun	Kittisataporn	Independent Director
19.	Mr. Worapatr	Todhanakasem	Independent Director
20.	Ms. Nongluck	Phinainitisart	Independent Director
21.	Mr. Trakarn	Chunharojrit	Director



The company has 21 directors, of which 9 are non-executive directors and 7 are independent directors, and one of them is a female. The Board of Directors is in charge of managing and governing the company's operations according to law, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, Capital Market Supervisory Board, and the company's objectives and requirements. The Board performs their duties with integrity and diligence.

The Board of Directors is appointed by the shareholders' meeting. The Board has established the Corporate Secretary Office to recommend and assist the Board to conduct their duties in compliance with relevant rules, regulations and corporate governance. The office also coordinates and ensures that corporate shareholders receive appropriate treatment.

#### **Scope of Duties and Responsibilities**

The Board of Directors holds accountability to the shareholders in respect of the Company's business operation and supervision of management so as to be consistent with the policy, guidelines and goals to maximize shareholders' benefit within framework of good ethics and interest of all stakeholders.

1. Supervise the Company's administration for the best interests of the shareholders and perform duties with care, loyalty, obedience to law, avoidance of conflict of interest as well as to abide by laws, objectives, Articles of Association and resolutions of shareholders' meeting and to disclose information to shareholders in an accurate, complete and transparent manner.
2. Review and approve vision, policies, directions, strategies, and management plan including corporate governance policy and other policies relating to the Company's operations for accounting period year end.
3. Supervise the Management to comply with the determined policies, strategies, and directions with effectiveness and efficiency and regularly evaluate the Management's performance.
4. Consider and approve budgets in accordance with the Manual of Operational Power and for significant matters such as big project investment, related transactions, acquisition or disposal of assets, any other transactions prescribed by law, etc.
5. Provide accounting system, financial reporting and reliable accounting audit including evaluation process of internal control and internal audit, risk management, financial reporting and evaluation follow-up.
6. Supervise and take action to avoid conflict of interest among directors, shareholders, stakeholders and the Company.
7. Appoint sub-committees as necessary to help monitor the administration and the governance in various aspects, e.g., Executive Committee, Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee as well as to appoint Company Secretary.
8. Execute a Report of responsibility of the Board of Directors in financial reports by showing along with the report of the Auditor in Annual Report with the coverage on other significant matters according to the SET Code of Best Practice for Directors of Listed Companies.
9. Execute and submit report of shareholding of the Company's securities by the director, the director's spouse, the director's minor children to the Office of Securities and Exchange in accordance with the format and within the stipulated time.

In 2016, the Board held 7 meetings, and 1 non-executive directors meeting (without management). The non-executive directors independently express their opinion regarding management.

## The Board of Executive Directors

**As of October 31, 2016, the Company's Board of Executive Directors consists of:**

1.	Mr. Chamroon	Chinthammit	Chairman
2.	Mr. Prapas	Chutimavoraphand	Executive Director
3.	Mr. Pornsin	Thaemsirichai	Executive Director
4.	Mr. Sukhum	Tokaranyaset	Executive Director
5.	Mr. Thawatchai	Rojanachotikul	Executive Director
6.	Ms. Duangdao	Chinthammit	Executive Director
7.	Mr. Somchai	Chinthammit	Executive Director
8.	Ms. Duangkae	Chinthammit	Executive Director
9.	Mr. Chalush	Chinthammit	Executive Director
10.	Mr. Trakarn	Chunharojrit	Executive Director
11.	Mrs. Intira	Sukhanindr	Executive Director
12.	Mr. Tachpong	Pakornsiriwongse	Executive Director

The Chairman of the Board of Executive Directors appoints the secretary of the Company's Board of Executive Directors.

### Scope of Duties and Responsibilities

1. Determine policies, directions, strategies, and significant management structures for the Company's operations for approval by the Board of Directors.
2. Determine business plans, budgets, and the Company's administrative power for approval by the Board of Directors.
3. Establish organizational structures and manpower policy.
4. Examine and monitor policies and management plans to ensure their effectiveness and suitability for the corporate operations.
5. Consider and approve the Company's operations in accordance with the Manual of Operational Power.
6. Perform other tasks as assigned by the Board of Directors.

Any power mentioned above given to the Board of Directors shall be under the law and the Company's regulations. Any activities that benefit/may benefit or affect interests of any executive director or individual, or that may lead to conflicts of interest (according to the SEC Notification), are required to be presented by the Board of Executive Directors to the Board of Directors for consideration. The particular executive director and the interested individual shall not be allowed to vote in the meeting concerning the matter.

In 2016, the committee held twelve meetings, and reports on their work were regularly presented to the Board of Directors.

## Audit Committee

**As of October 31, 2016, the Audit Committee comprises of:**

1.	Mr. Sitti	Leelakasamelurk	Chairman
2.	Mr. Karun	Kittisataporn	Director
3.	Mr. Worapatr	Todhanakasem	Director
4.	Ms. Nongluck	Phinainitisart	Director

The Chairman of the Audit Committee shall appoint the secretary of the audit committee.

#### **Scope of Duties and Responsibilities:**

1. To review and ensure that the disclosure of information in financial statements are accurate and adequate
2. To review the Company's internal control system and internal audit system ensuring their appropriateness and effectiveness.
3. To review and ensure that the Company's operations are in compliance with securities and stock exchange laws, the SET regulations, or other laws applicable to corporate businesses
4. To consider, select and nominate the external auditor; and propose the external auditor's remuneration.
5. To review the Company's disclosure in case of related party transactions or transactions that may lead to any conflict of interest and ensure that the disclosed information is correct and complete
6. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee, such as reviewing financial management and risk management policies, reviewing Management's compliance with business ethics, and reviewing with Management important reports to be presented to the public as prescribed by the law, i.e. Management's reports and analyses, etc.
7. To prepare reports of the Audit Committee for disclosing in the Company's annual report in which shall be signed by the Chairman of the Audit Committee and consist of at least the following information :
  - 7.1 Opinions on accuracy, completeness and reliability of the Company's Financial Statements
  - 7.2 Opinions on adequacy of the Company's internal control system
  - 7.3 Comments the Company's on compliance with laws on securities and the Stock Exchange of Thailand, the Set requirements, or laws applicable to the Company's businesses
  - 7.4 Comments on suitability of the auditor
  - 7.5 Comments on transactions that may lead to conflicts of interest
  - 7.6 Numbers of the Audit Committee meetings and attendances of each of the Audit Committee members
  - 7.7 Comments or overview observation which the Audit Committee has obtained from performing in compliance with the Charter
  - 7.8 Any reports considered appropriate for notifying corporate shareholders and general investors under the scope, duties and responsibilities as assigned by the Board of Directors
8. To report routine activities in order that the Board of Directors shall acknowledge the Audit Committee's activities as follows:
  - 8.1 The Audit Committee's minutes of meetings clearly specifying the Committee's comments on different matters
  - 8.2 The report on the Committee's opinions on corporate financial statements, internal audit and internal audit procedure
  - 8.3 Any report considered appropriate for acknowledgement of the Board of Directors
9. In performing its duties, should the Audit Committee find any doubtful transactions or conducts as shown below which may cause a significant impact to the Company's financial status and operating results, it should report to the Board of Directors for improvement and correction within time frames it deems appropriate:
  - 9.1 Conflict of interest transactions
  - 9.2 Any suspicion or presumption of corruption, abnormality, or fault which are significant in the internal audit system
  - 9.3 Any suspicion that there might be non-compliance with securities and stock exchange laws, the SET regulations, or laws applicable to the Company's businesses.

Should the Audit Committee report to the Board of Directors matters that significantly affect the Company's financial status and operating results, and discussion between the Committee and the Board of Directors on improvement and correction occurs, after the agreed due date, the Audit Committee finds that the matters have not been acted upon without any good reasons, one of the Committee's members may further report the finding to the Securities and Exchange Commission and the Stock Exchange of Thailand.

10. In case that the auditor finds any doubtful acts committed by a director, manager or any person responsible for the Company's operations that might be non compliant with the law and reports to the Audit Committee the fact about such conducts for acknowledgement and prompt inspection, the Audit Committee shall then notify the outcome of preliminary inspection to the SEC, SET and the auditor within 30 days after being notified by the auditor report. Reporting of doubtful acts and the procedure to gain the facts on such acts shall be in line with the Capital Market Commission's regulations.
11. To have authority to invite directors, Management, department heads or employees to discuss or answer the Audit Committee's inquiries.
12. To review the scope of authority and responsibilities, and appraise the Audit Committee's performance on a yearly basis.

The Audit Committee is delegated a three-year term and required to hold at least four meetings in a year.

**The Audit Committee :** Qualifications of the Audit Committee are in line with relevant SET requirements. All Audit Committee members are independent directors. Mr. Sitti Leelakasamelurk, Chairman of the Audit Committee, possesses sound knowledge, understanding, professional experience in accounting and finance. In 2016, the committee held five meetings, and reports on their work were regularly presented to the Board of Directors. Number of Meeting Attended by Directors disclose in 9.7

## Nomination and Remuneration Committee

**As of October 31, 2016, the Nomination and Remuneration Committee consists of:**

- |    |              |                |          |
|----|--------------|----------------|----------|
| 1. | Mr. Pramoon  | Vichiensin     | Chairman |
| 2. | Mr. Karun    | Kittisathaporn | Director |
| 3. | Mr. Somchat  | Chinthammit    | Director |
| 4. | Ms. Duangdao | Chinthammit    | Director |

The Chairman of the Nomination and Remuneration committee shall appoint the secretary of the Nomination and Remuneration committee.

### Scope of Duties and Responsibilities:

#### 1. Nomination

- 1.1 Define qualifications of the directors to be consistent with the structure, size and compositions of various committees established by the Board of Directors so as to ensure transparency and expectation of the Board of Directors by considering the knowledge, experience, expertise, freedom and time to contribute to directorship;
- 1.2 select and nominate persons qualified to be directors for the Board of Directors' consideration to nominate to the Shareholders' meeting for appointment provided that the selection method, verification of qualifications as regulated by laws and related authorities including consent to be appointed are to be prescribed;
- 1.3 select and nominate persons qualified to be members in Executive Committee and other sub-Committees to replace the members whose office terms have ended to the Board of Directors for consideration.

#### 2. Remuneration

- 2.1 consider or review pattern, criteria and procedures to consider remuneration so as to suit the duties and responsibilities of the Board of Directors and other sub-Committees and submit for approval from the Board of Directors and the Shareholders' meeting respectively provided that the Chairman of the Board and the sub-Committees shall receive remuneration approximately 20 per cent higher than members;
- 2.2 review data relating to remuneration of other companies in the same and similar industry yearly;
- 2.3 disclose names of directors, attendance and remuneration in all types in the Company's Annual Report as well as the brief Charter and remuneration criteria.

The Nomination and Remuneration Committee is delegated a three-year term and required to be held at least two meetings in a year.

**The Nomination and Remuneration Committee** : The Company required that the Remuneration Committee and Nomination Committee be combined. The Chairperson and the majority of the committee members shall be independent directors. Directors serve in this committee have expertise in several fields, such as governance, law, and human resource management. In 2016, the Nomination and Remuneration Committee held two meetings, and reports on their work were regularly presented to the Board of Directors..

## Risk Management Committee

**As of October 31, 2016, the Risk Management Committee comprises of:**

- |    |                   |                 |          |
|----|-------------------|-----------------|----------|
| 1. | Pol. Gen. Boonpen | Bumpenboon      | Chairman |
| 2. | Mr. Sitti         | Leelakasamelurk | Director |
| 3. | Mr. Worapatr      | Todhanakasem    | Director |
| 4. | Mr. Chalush       | Chinthammit     | Director |

As its position, the head of Risk Management Office is a secretary of the Risk Management Committee.

### Scope of Duties and Responsibilities :

1. Develop policies to be considered by the Board of Directors regarding the overall corporate risk management that covers the Company's major risks, such as market risk, liquidity risk, management risk, investment risk, and reputation risk.
2. Design strategies in line with risk management policies to monitor and evaluate the corporate risk amount, as well as maintain the appropriate risk level.
3. Review the adequacy of risk management policies and system, as well as effectiveness of the system and policies practiced.
4. Provide recommendations in line with policies and strategies determined by the Board of Directors and present those recommendations to the Board.

The Risk Management Committee is delegated a three-year term and required to be held at least two meetings in a year.

**The Risk Management Committee** : The Board requires most of the Risk Management Committee members and the Chairperson to be independent directors. Directors serve in this committee have expertise in several fields, such as accounting and finance, management, investment, and corporate businesses. In 2016, the Risk Management Committee held four meetings, and reports on their work were regularly presented to the Board of Directors.

## Corporate Governance Committee

**As of October 31, 2016, the Corporate Governance Committee comprises of:**

- |    |                   |                |          |
|----|-------------------|----------------|----------|
| 1. | Mr. Worapatr      | Todhanakasem   | Chairman |
| 2. | Pol. Gen. Boonpen | Bumpenboon     | Director |
| 3. | Mr. Karun         | Kittisataporn  | Director |
| 4. | Ms. Nongluck      | Phinainitisart | Director |



#### Scope of Duties and Responsibilities:

1. Consider and propose corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
2. Consider and propose practices of the Company, Board of Directors, executives, personnel and other relevant parties which are consistent with the corporate governance policy, business ethics and other policies relating to the corporate governance to the Board of Directors;
3. Monitor and supervise as well as create understanding to the Board of Directors and management for the sake of performance pursuant to the governance policy, business ethics and governance practices;
4. Review the corporate governance policy and practices at least once a year by comparison with international standard or other appropriate standards;
5. Appoint a Secretary to the Corporate Governance Committee, sub-committees or working groups with suitable duties and responsibilities;
6. Perform other duties as assigned by the Board of Directors.

The Corporate Governance Committee is delegated a three-year term and required to hold at least three meetings in a year.

**The Corporate Governance Committee :** All Corporate Governance members are independent directors. The Chairman has expertise in governance, management, and investment. In 2015, the Corporate Governance Committee held three meetings, and reports on their work were regularly presented to the Board of Directors..

#### Selection of Directors and Management

1. The nomination and remuneration committee has determined that an independent director: (1) must possess an amount of shares that does not exceed 0.5% of the total of voting shares; (2) must not involve in corporate management and must not be an employee or advisor including an audit advisor, a legal advisor, or any other type of advisor receiving salary, or a person with controlling power over the company, its subsidiaries and associates, or a person who may have conflicts of interest or may hold a stake in that manner not less than 2 years; (3) must not have any business relationship, interest or stake both direct and indirectly; (4) must not be a close relative or have other type of relationship with management and major shareholders that might result in lack of independence. Such requirements, which are stricter than other general requirements, have been approved by the company's board.
2. In the last fiscal year, the independent directors did not have any business relationship or provide any professional services to the Company.
3. Nomination of Directors and Top Management Executives

The Nomination and Remuneration Committee has determined policies, regulations, and procedures for nomination of directors in order to select and nominate qualified personnel to the Board of Director and shareholder for consideration in annual general shareholders' meeting. However, the criteria for consideration must be not less than the qualifications specified in Section 68 of the SEC ACT B.E. 2535 (including the revised version) and related announcements of the SEC. The election of directors is organized in line with the following Company's regulations:

1. The corporate Board of Directors consists of at least four five directors, which not less than half of the number of directors must reside in the Kingdom. The directors must be qualified individuals who do not possess characteristics as prohibited by the laws.
2. The election of directors by the shareholder meeting is in line with the majority of votes, and the following regulations and procedure:
  - (a) One vote per share is allowed for a shareholder.

- (b) Shareholders vote for each individual nominated as a director. The number of vote(s) received by each nominee does not exceed the number of share(s) held by the particular voter, as specified in (a). The shareholder cannot allot any of their share(s) to any other individual. Directors are those individuals receiving the highest votes. Should the individuals receive the same number of votes where only one place for a director remaining, the chairperson shall be granted the final vote.
3. In an annual general meeting, one third of the directors are required to resign. If the total number of directors does not allow such division, the number of directors to resign should be at the closest to one third of the total.

### **Governance for subsidiaries and associates performance**

1. In order to comply with governance and protect the Company's investment, the Board appoints directors of the parent company to be directors in subsidiaries and associated companies in proportion to the shareholding.
2. The directors who represent the Company shall participate in decision of policy such as investment in projects, etc.

### **Supervision of Use of Inside Information**

The company prohibits its directors and the Management from using inside information concerning important matters including trading of securities, information before publication for personal gains and/or that of others. Preventive measures against the use of inside information are as follows:

1. The company informs executives about their obligation to disclose security holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to the Securities and Exchange Act B.E. 2535, article 59 and statutory penalty, article 275.
2. Circular notices are sent to directors and executives advising those who receive important inside information that affects prices of securities shall not trade corporate securities within that one month and not disclose the important inside information before the corporate financial statements or the particular information is publicized.
3. Should there be any changes in security holdings of the company's directors and executives, the changes must be reported to the board of directors in security holdings matter on the agenda.
4. Important inside information and confidential documents saved as hard copies or soft files are protected and access is limited to top executives only when necessary. If any inside information needs to be disclosed to corporate employees, the employees will be informed properly about the limitation of the use of that information. An employee who discloses corporate confidential information will be penalized.
5. To monitor irregularity in corporate operating results, random examination is done to security trade, the company's information system and outside information sources.

According to Corporate Governance policy, the Company prohibits its directors, the executives, and employees from using inside information concerning important matters including trading of securities before publication for others or personal gains. Directors, executives, and employees have freedom to invest in corporate security; provided that the trading of company security within one month before the corporate financial statements is to be publicized shall be prohibited in order to avoid conflict of interest.

#### Auditor fee

In 2016, the Auditor fee of the Company and subsidiaries shall be the amount of THB 8,130,000.- and other fees (non-audit fee) shall be the amount of 240,000 baht

## Good Corporate Governance Practices

No.	Name - Surname	Position	Board of Directors		Executive Board		Audit Committee		Nomination & Remuneration Committee		Risk Management Committee		Corporate Governance Committee	
			Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total	Attend	Total
1.	Mr. Manu Leopaiole	Chairman	7	7										
2.	Mr. Chamroon Chinthammit	Executive Director	7	7	11	12								
3.	Mr. Prapas Chutimavoraphand	Executive Director	6	7	12	12								
4.	Mr. Pornsin Thaemsirichai	Executive Director	7	7	12	12								
5.	Mr. Sukhum Tokaranyaset	Executive Director	7	7	12	12								
6.	Mr. Thawatchai Rojanachotikul	Executive Director	7	7	11	12								
7.	Mrs. Intira Sukhanindr	Executive Director	7	7	12	12								
8.	Ms. Duangdao Chinthammit	Executive Director/ Nomination & Remuneration	7	7	12	12			2	2				
9.	Mr. Somchai Chinthammit	Executive Director	7	7	11	12								
10.	Ms. Duangkae Chinthammit	Director	7	7										
11.	Mr. Chalush Chinthammit	Executive Director/ Risk Management Committee	6	7	12	12					4	4		
12.	Mr. Chatri Chinthammit	Executive Director	6	7	12	12								
13.	Mr. Somchat Chinthammit	Executive Director	7	7	12	12								
14.	Mr. Tachpong Pakornsiriwongs	Independent Director/ Nomination & Remuneration Committee	6	7					2	2				
15.	Mr. Pramoon Vichiensin	Independent Director/ Chairman of Nomination & Remuneration Committee	6	7					2	2				
16.	Pol. Gen. Boonpen Bumpenboon	Independent Director/ Chairman of Risk Management Committee / CG Committee	6	7							4	4	3	3
17.	Mr. Sitti Leelakasamelurk	Independent Director/ Chairman of Audit Committee/ Director/ Risk Management Committee	7	7			5	5			4	4		
18.	Mr. Karun Kittisataporn	Independent Director/ Audit Committee/ Nomination & Remuneration Committee CG Committee	7	7			4	5	2	2			1	3
19.	Mr. Worapatr Todhanakasem	Independent Director/ Risk Management Committee/ Chairman of CG Committee	6	7			5	5			2	4	3	3
20.	Ms. Nongluck Phinainitsart	Independent Director/ Audit Committee Audit Committee	7	7			4	5					2	3
21.	Mr. Trakarn Chunharojrit	Executive Director	7	7	12	12								

## DETAILS OF COMPANY'S DIRECTORS, EXECUTIVES, AUTHORIZED PERSON AND COMPANY SECRETARY

Name/Position/	Education Background	% of shareholding	Position	Work experience past 5 years - Present Company/Type of Business
<b>1. Mr.Manu Leopatrote</b> (73 years old) - Chairman of the Board of Directors (Since 15 October 2004)	- B.Sc. in Economics (Honours), Thammasat University - M.Sc.(Economics), University of Kentucky, USA. - Honorary Degree of Doctor of Business Administration, Thammasat University, Thailand - Diploma Industrial Development, Nagoya, Japan - Diploma, National Defence College Class 34 - Diploma, Chairman 2000 (3/2001) - Director Certification Program (DCP) (30/2003) - Director Accreditation Program (DAP) - IOD Chairman Forum 2014	-	- Chairman	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories*
			- Permanent Secretary	- Ministry of Industry
			- Chairman	- SME Bank - TMC Industrial PLC. - ARIP PLC. - Polyplex (Thailand) PLC. - Jubilee Enterprise PLC.
			- Audit committee	- Thai Beverage PLC. (Singapore Stock Market)
<b>2. Mr.Chamroon Chinthammit</b> (66 years old) - President and CEO (Since 26 February 2004) (Authorized Director)	- BBA in Business Administration (Honours) Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD - Diploma, Chairman 2000 (10/2004) By IOD - Honorary Degree of Doctor of Arts (Geosocial-Based Management) Srinakharinwirot University , Thailand	94,133,231 2,1344	- President and CEO	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories*
			- President	- Champion Fermentation Co., Ltd. - KSL Real Estate Co., Ltd. - Chengteh Chinaware (Thailand) Co., Ltd. - Thai Fermentation Industry Co., Ltd. - TFI Green Biotech Co., Ltd. - KSL Export Trading Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - Khon Kaen Alcohol Co., Ltd. - Koh Kong Sugar Industry Co., Ltd. - KSL Agro and Trading Co., Ltd. - Savannakhet Sugar Corporation - Rajasolar Material Co., Ltd.
			- Director	- Onnuch Construction Co., Ltd. - Thai Sugar Millers Corporation Limited - Chantaburi Starch Co., Ltd. - Khon Kaen Alcohol Co., Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016 ) - The Cane and Sugar Board Ministry of Industry
<b>M.L. Charuvadhana Chinthammit</b> Spouse		52,775,901 1,1967		
<b>3. Mr.Prapas Chutimavoraphand</b> (78 years old) - Director and Executive Director (Since 26 February 2004) (Retirement 31 October 2015) (Authorized Director)	- Vocational Certificate, Chonradsadornmumrung School - Director Accreditation Program (DAP) (17/2004) by IOD	24,962,188 0,5660	- Director and Senior Vice President	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories*
			- Director	- Khon Kaen Sugar Power Plant Co.,Ltd.
			- Managing Director	- Onnuch Construction Co.,Ltd.
			- CEO & Managing Director	- Thai Sugar Terminal PLC. and Affiliate companies
<b>Mrs. Sumtra Chutimavoraphand</b> Spouse		21,574,000 0,489	- CEO	- TS Flour Mill PLC.



Name/Position/	Education Background	% of shareholding	Position	Work experience past 5 years - Present Company/Type of Business
<b>4. Mr. Pornsin Thaemsirichai</b> (72 years old) - Director and Executive Director - Senior Vice President - Production & Technique (Since 26 February 2004) (Authorized Director)	- B.Eng. in Civil Chulalongkorn University - MS in Engineering North Dakota State University, USA. - MBA, The University of Southern Queensland, Australia - Director Accreditation Program (DAP) (18/2004) by IOD - Director Certification Program (DCP) (50/2004)	29,390,195 0.664	- Director and Senior Vice President - Chairman - Managing Director - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Koh Kong Plantation Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - Khon Kaen Alcohol Co., Ltd. - Savannakhet Sugar Corporation - Koh Kong Sugar Industry Co., Ltd. - Sahamit Machinery PLC. - Khon Kaen Alcohol Co., Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016)
<b>Mrs. Montanut Thaemsirichai</b> Spouse		30,688,231 0.6958		
<b>5. Mr. Somchai Chinthammit</b> (64 years old) - Director and Executive Director - Assistant Vice President (Since 26 February 2004)	- Diploma, Computer College, Germany - Certificate Mini MBA., Thammasat University - Director Accreditation Program (DAP) (17/2004) by IOD	91,225,726 2.1819	- Director and Assistant Vice President - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Champion Fermentation Co., Ltd. - Khon Kaen Sugar Industry PLC. - Khon Kaen Sugar Power Plant Co., Ltd. - Thai Sugar Terminal PLC. and subsidiaries
<b>Miss Natamont Chinthammit</b> Minor Children		17,583,759 0.3987		
<b>6. Ms. Duangkae Chinthammit</b> (60 years old) - Director and Executive Director - Assistant Vice President (Since 26 February 2004)	- Diploma from KATINKA School, England - Certificate Modern Managers Program (MMP), Chulalongkorn University - Director Accreditation Program (DAP) (17/2004) by IOD	99,683,643 2.603	- Director and Assistant - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Sub Sri Thai Warehouse PLC.
<b>7. Ms. Duangdao Chinthammit</b> (58 years old) - Director and Executive Director - Vice President - Human Resources - Director of Nomination and Remuneration Committee (Since 26 February 2004) (Authorized Director)	- Bachelor of Business Administration, Faculty of Economics and Business Administration, Kasetsart University - Bachelor of Science, Computer Information System, Western Michigan University, USA. - MS in Agricultural Economics, University of Saskatchewan, Canada - BS in Computer Information System, Western Michigan University, USA. - BBA in Business Administration, Kasetsart University - Director Accreditation Program (DAP) (17/2004) by IOD - Director Accreditation Program (DAP) (71/2006) by IOD	99,599,954 2.2584	- Director and Assistant Managing Director - Director and Vice President - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Champion Fermentation Co., Ltd. - KSL Real Estate Co., Ltd. - Onnuch Construction Co., Ltd. - KSL Agro and trading Co., Ltd. - Sub Sri Thai Warehouse PLC.
<b>8. Mr. Tachpong Pakornsirwongse</b> (66 years old) - Director and Executive Director	- Certificate in Financial Management, Chulalongkorn University - Director Accreditation Program (DAP) (21/2004) by IOD	158,162 0.0036	- Director - Director - General Management	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Koh Kong Plantation Co., Ltd. - KSL Sugar Holding Co., Ltd. - Koh Kong Sugar Industry Co., Ltd.

Name/Position/	Education Background	% of shareholding	Work experience past 5 years - Present Position	Company/Type of Business
<b>9. Mr. Trakarn Chunharojrit</b> (76 years old) - Director and Executive Director - Assistant Vice President - Company Secretary (Since 26 February 2004)	- Certificate in Accounting - Director Accreditation Program (DAP) (17/2004) by IOD	13,521,766 0.3089	- Director	- Khon Kaen Sugar Industry PCL. - New Krung Thai Sugar Factory Co., Ltd. - Tamaka Sugar Industry Co., Ltd. - KSL Agro and Trading Co., Ltd. - Chengteh Chinaware (Thailand) Co., Ltd. - New Kwang Soon Lee Sugar Factory Co., Ltd. - Khon Kaen Alcohol Co., Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016) - KSL Material Supplies Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - KSL Real Estate Co., Ltd. - KSL Sugar Holding Co., Ltd.
<b>Mrs. Rattana Chunharojrit</b> Spouse		4,790,392 0.1132		
<b>10. Mr. Chatr Chinthammit</b> (43 years old) - Director (Non - Executive Director) (Since 26 February 2004)	- BBA in Economics, University of The Thai Chamber of Commerce - Master of Science, Computer Science, Bellevue University, USA. - Director Accreditation Program (DAP) (21/2004) by IOD - Successful FORMULATION & Execution Program (SFE) (9/2010) by IOD - TLCA Executive Development Program (EDP) (1/2008) by TLCA	57,467,546 1.303	- Director - Deputy Managing Director (DMD) - Software Department	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - KSL IT Center Co., Ltd.
<b>11. Mr. Chalush Chinthammit</b> (48 years old) - Director and Executive Director - Vice President- Business Development - Risk Management Committee (Since 26 February 2004) (Authorized Director)	- BBA in Finance and Banking, Assumption University - MBA in Finance and Banking, Mercer University, USA. - Director Accreditation Program (DAP) (21/2004) by IOD - Capital Market Academy Program 10	43,279,926 0.9814	- Director and Assistant Vice President - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Khon Kaen Alcohol Co., Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016) - KSL Real Estate Co., Ltd. - Khon Kaen Sugar Power Plant Co., Ltd. - KSL Agro and Trading Co., Ltd. - Savannakhet Sugar Corporation - Thai Sugar Miller Co., Ltd. - KSL Export Trading Co., Ltd. - The Cane and Sugar Act B.E.2527 - Thai Sugar Miller Co., Ltd. - Onnuch Construction Co., Ltd. - Thai Sugar Terminal PLC. And subsidiaries - TS Flour Mill PLC. - WSP Logistics Co., Ltd.
<b>Mr. Chayapat Chinthammit</b> Minor Children		11,088,000 0.2514		
<b>Mr. Chatchapee Chinthammit</b> Minor Children		11,088,000 374,000		
<b>Miss. Chollapim Chinthammit</b> Minor Children		0.0085		

Name/Position/	Education Background	% of shareholding	Work experience past 5 years - Present Position	Company/Type of Business
<b>12. Mr. Sukhum Tokaranyaset</b> (69 years old) - Director and Executive Director - Senior Vice President - Accounting & Finance (Since 26 February 2004)	- Vocational Certificate, Kitti Commerce College - Director Accreditation Program (DAP) (18/2004) by IOD	434,600 0.0110	- Director and Senior Vice President - Vice Chairman - Director - Executive Director - Managing Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - KSL Export Trading Co.,Ltd. - Rajaporcelain Co.,Ltd. - Chengteh Chinaware (Thailand) Co.,Ltd. - Raja Product Co., Ltd. - Raja Solar Material Co., Ltd. - KSL Real Estate Co.,Ltd. - Champion Fermentation Co.,Ltd. - Chantaburi Starch and Power Co., Ltd. - Khon Kong Sugar Industry PCL. - KSL Agro and Trading Co., Ltd. - Thai Fermentation Industry Co.,Ltd. - TFI Green Biotech Co.,Ltd. - Chantaburi Starch Co., Ltd.
<b>13. Mr. Thawatchai Rojanachotikul</b> (63 years old) - Director and Executive Director - Senior Vice President - Administration (Since 26 February 2004)	- BBA in Business Administration, Auckland Technical Institute, New Zealand - Director Accreditation Program (DAP) (17/2004) by IOD	55,937,122 1,2683	- Director and Senior Vice President - Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Savannakhet Sugar Corporation - KSL Agro and Trading Co., Ltd. - KSL Export Trading Co.,Ltd. - Champion Fermentation Co.,Ltd. - KSL Real Estate Co.,Ltd. - TFI Green Biotech Co.,Ltd. - Chengteh Chinaware (Thailand) Co.,Ltd. - Thai Fermentation Industry Co.,Ltd.
<b>Mrs. Kodchakon Rojanachotikul</b> spouse		4,315,270 0.0978		
<b>14. Mr. Somchat Chinthammit</b> (59 years old) - Director - Remuneration Committee (Non - Executive Director) (Since 26 February 2004)	- B.Eng in Mechanical, King Mongkut's University of Technology Thonburi - MIM in Marketing, Thammasat University - Director of Accreditation Program (DAP) (17/2004) by IOD - Directors Certification Program (DCP) (55/2005) by IOD - Audit Committee Program (ACP) (8/2005)	22,907,921 0.5194	- Director - Chairman of Risk Management Committee - Independent Director	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories - UOB Kay Hian Securities (Thailand) PLC.
<b>15. Mr. Pramoon Vichfensin</b> (86 years old) - Independent Director - Chairman of Nomination and Remuneration Committee (Since 26 February 2004)	- LL.B., Thammasat University - Certificate in Executive Development from NIDA - Director of Accreditation Program (DAP) (11/2004) by IOD - Certificate in Audit Committee Program (ACP) (10/2005) by IOD - Improving The Quality of Financial Reporting (GFR) (4/2006) by IOD	-	- Chairman of Audit Committee - Audit Committee - Chairman of Nomination and Remuneration Committee - Quality person in Law - Advisor on President - Subcommittee	- Khon Kaen Sugar Industry PCL. Affiliate of KSL Sugar Factories* - Bangkok Metropolitan Administration - The Constitutional Court - Office of The National Counter Corruption Commission

Name/Position/	Education Background	% of shareholding	Work experience past 5 years - Present Position	Company/Type of Business
<b>16. Pol.Gen.Boonpen Bumpenboon</b> (72 years old) - Independent Director - Chairman of Risk Management Committee - Corporate Governance Committee (Since 26 February 2004)	- LL.B., Sukhothai Thammathirat University - BBA in Public Administration, Royal Police Cadet Academy - Diploma, National Defence College (37) - MPA./ Public Administration, NIDA - Director Accreditation Program (DAP) (11/2004) by IOD	-	- Audit Committee - Chairman of Nomination and Remuneration - Chairman of Risk Management Committee - Corporate Governance Committee - Council of State	- Khon Kaen Sugar Industry PCL. - Office of the Council of State
<b>17. Mr. Sitti Leelakasamelurk</b> (63 years old) - Independent Director - Chairman of Audit Committee - Risk Management Committee (Since 26 February 2004)	- BA in Accounting, Chulalongkorn University - Director Accreditation Program (DAP) (11/2004) by IOD	-	- Independent Director - Audit Committee - Risk Management Committee - Chairman of Audit Committee - Executive Vice President Support Line1 - Vice Chairman - Member of the Nomination Committee and Member of the Remuneration Committee - Deputy Chief Executive Officer - Director	- Khon Kaen Sugar Industry PCL. - Noble Development PLC. - Continental City Co.,Ltd. - BAN SUK SABAI Co., Ltd. - NK Energy Co., Ltd. - S&P Property Management Co.,Ltd.
<b>18. Mrs. Intira Sukhanindr</b> (70 years old) - Director and Executive Director - Vice President - Business Development (Since 25 June 2010)	- Certificate of Secretary, Melbourne, Australia - Director Accreditation Program (DAP) (50/2006) by IOD	25,471,699 0.5776	- Vice President Business Development - Director / Vice President Business Development - Director - General Manager	- Khon Kaen Sugar Industry PCL. - Affiliate of KSL Sugar Factories* - Champion Fermentation Co.,Ltd. - Thai Fermentation Industry Co.,Ltd. - Sub Sri Thai Warehouse PLC. - KSL Agro and Trading Co.,Ltd. - Khon Kaen Sugar Power Plant Co.,Ltd. - KSL Export Trading Co.,Ltd.
<b>19. Mr. Karun Kittisatapom</b> (69 years old) - Independent Director - Nomination and Remuneration Committee - Audit Committee - Corporate Governance Committee (Since 26 February 2010)	- Bachelor of Commerce & Administration Victoria University of Wellington, N.Z. (under Colombo Plan Scholarship) - M.A. (International Trade), Syracuse Univ USA. (under USAID Scholarship) - Sahamit Machinery PLC. - Commercial Policy Course, GATT, Geneva - Director Certificate Programme, Institute of Directors - Role of the Compensation Committee Program - Financial Statements for Directors Program - Audit Committee Program	-	- Director - Independent Director - Nomination and Remuneration Committee - Audit Committee - Audit Committee - Executive Chairman - Member - Commissioner - Independent Director - Chairman of Nomination and Remuneration Committee - Independent Director - Nomination and Remuneration Committee - Audit Committee	- Khon Kaen Sugar Industry PCL. - Sahamit Machinery PLC. - The Support Art and Crafts International Centre of Thailand - Council of State - The Insurance Commission - Bank of Ayuthaya PLC. - Central Pattana PLC.

Name/Position/	Education Background	% of shareholding	Position	Work experience past 5 years - Present Company/Type of Business
<b>20. Mr. Warapatr Todhanakasem</b> (67 years old) - Independent Director - Risk Management Committee - Audit Committee - Chairman Corporate Governance Committee (Since 26 February 2010)	- LL.B. Thammasat University - B.Econ. (1st Class Honor) Thammasat University - M.B.A. in Finance Kellogg School of Management, Northwestern University, Evanston, Illinois, USA. - M.S. in Economics University of Illinois, Urbana-Champaign, USA. - Ph.D. in Business Economics University of Illinois, Urbana-Champaign, USA.	-	- Independent Director - Chairman and Independent Director - Director - Director - President	- Khon Kaen Sugar Industry PCL. - Prinsiri PLC. - Amata VN PLC. - True Corporation Public Co., Ltd. - Institute of Research and Development for Public Enterprises of Thailand (IRDP)
<b>21. Ms. Nongluck Phinaitisart</b> (57 years old) - Independent Director - Audit Committee - Corporate Governance Committee (Since 26 February 2010)	- Bachelor Degree in Electrical Engineering, Chulalongkorn University - Master Degree in Electrical Engineering, University of Missouri, U.S.A. - Doctorate Degree in Electrical Engineering, Chulalongkorn University - Director Accreditation Program (DAP) Class 4/2003 by IOD - Director Certification Program (DCP) Class 71/2006 by IOD - Executive Program, Harvard University, USA.	-	- Independent Director - Independent Director CHM of the Risk Management Committee - Independent Director - Chairman Board - Chief Commercial Officer - Executive Director	- Khon Kaen Sugar Industry PCL. - Khon Kaen Alcohol Co., Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016) - Government Savings Bank - Thailand Post - Thaicom PLC.
<b>22. Mr. Chanachai Chutimavoraphand</b> (44 years old) - VP Accounting & Finance (Since 1 November 2012)	- Bachelor of Law, Chulalongkorn University. - Master Degree of Business Administration, Tennessee University, U.S.A. - Master Degree of Arts, Business Law. Chulalongkorn University. - CFA Charterholder, Association for Investment Management and Research (AIMR) - Certificate of Director Accreditation Program (DAP 37/2005)	113,355,499 2.5073	- AVP Accounting & Finance - VP Accounting & Finance - Director - Executive Director	- Khon Kaen Sugar Industry PCL. - Affiliate of KSL Sugar Factories* - Koh Kong Sugar Industry Co., Ltd. - Savannakhet Sugar Corporation - Onnuch Construction Co.Ltd. - KSL Real Estate Co.,Ltd. - Khon Kaen Alcohol Co.,Ltd. (rename KSL Green Innovation PLC. Since October 14, 2016) - T S Warehouse Co., Ltd. - T S G Asset Co., Ltd. - T S Oil Industry Co., Ltd. - T S Transport and Logistics Co., Ltd - T S Flour Mill PCL - Thai Sugar Terminal PCL



Name/Position/	Education Background	% of shareholding	Work experience past 5 years - Present	
			Position	Company/Type of Business
23. Mr. Theera Sanguandeeul (66 years old) - Vice President and Regional Director - Western Plant (since 1 November 2012)	- Bachelor BSc. Chemical Technology, Faculty of Science, Chulalongkorn University 1974 - Master MSc. Chemical Engineering, University of Wisconsin, Madison, USA, 1975 - University of Wisconsin, Madison, USA. - Executive MBA, Kasetsart University, 1996	1,650,000 0.0374	- Vice President and Regional Director - Western Plant - Director	- Khon Kaen Sugar Industry PCL. - KSL Material Supplies Co.,LTD. - Koh Kong Sugar Industry Co., LTD (Cambodia) - Savannakhet Sugar Corporation (Lao PDR) - Khon Kaen Alcohol Co.,LTD (rename KSL Green Innovation PLC. Since October 14, 2016) - Royal Place Realty Co.,Ltd. - Chareonlarp Development Co.,Ltd. - Royal Residence Development Co.,Ltd.
24. Mr. Dhajjai Subhapholsiri (60 years old) - Vice President, Office of Company Secretary and Legal - Company Secretary (since 28 March 2014)	- Bachelor of Laws, Chulalongkorn University - Institute of Legal Education, Thai Bar Association - Master of Laws, Harvard University, USA - UFS 12/2007 (IOD) - Fundamental Practice for Corporate Secretary (FPCS) 29/2014 - Corporate Governance for Executives (CGE) 2014 - Company Secretary Program (CSP 59/2014)	-	- Vice President, Office of Company Secretary and Legal - Company Secretary - SVP, Legal Department	- Khon Kaen Sugar Industry PCL. - Bangkok Bank PCL.

Remark : \*Affiliate KSL Sugar Factories:

- Tamaka Sugar Industry Co.,Ltd.
- New Krung Thai Sugar Factory Co.,Ltd.
- New Kwang Soon Lee Sugar Factory Co.,Ltd.

# PRINCIPLES FOR INFORMATION DISCLOSURE AND TRANSPARENCY

## The disclosure of direct and indirect shareholding of directors in Annual Report

Direct and indirect shareholding of directors at 31 October 2016 as compared to 31 October 2015

No.	Name	Position	Share amount		Share amount Increase/ (decrease) (in 2014)	% of voting shares	Remark Paid in share dividend ratio 10:1 on 25 March 2016
			31- Oct-15 Par 0.50 Baht	31- Oct-16 Par 0.50 Baht			
1.	Mr. Manu Leopalrote ●	Chairman/ Independent director	-	-	-	-	No KSL share
2.	Mr. Chamroon Chinthammit <sup>1</sup> (Including spouse and children)	President and CEO	127,650,366	146,909,132	19,258,766	3.33	Buy 6,371,600 shares Share dividend 12,887,166 shares in 2016
3.	Mr. Prapas Chuttimavorphand <sup>2</sup> (Including spouse and children)	Director	41,414,808	46,536,188	5,121,380	1.06	Buy 2,988,500 shares Sell 2,014,600 shares Share dividend 4,147,480 shares in 2016
4.	Mr. Pornsin Thaemsirichai <sup>3</sup> (Including spouse and children)	Director and Senior Vice President	54,616,752	60,078,427	5,461,675	1.36	Share dividend 5,461,675 share in 2016
5.	Mr. Sukhum Tokaranyaset	Director and Senior Vice President	57,498,612	484,600	57,014,012	0.01	Buy 20,336,127 shares Sell 34,500,000 share Transfer to daughters 48,600,000 shares Share dividend 5,749,861 shares in 2016
6.	Mrs. Intira Sukhanindr	Director and Senior Vice President	23,156,090	25,471,699	2,315,609	0.58	Share dividend 2,315,609 share in 2016
7.	Mr. Chalush Chinthammit <sup>4</sup> (Including spouse and children)	Director and Vice President	59,845,388	65,829,926	5,984,538	1.49	Share dividend 5,984,538 shares in 2016
8.	Ms. Duangdao Chinthammit	Director and Vice President	90,545,413	99,599,954	9,054,541	2.26	Share dividend 9,054,541 shares in 2016
9.	Mr. Thawatchai Rojanachotikul <sup>5</sup> (Including spouse and children)	Director and Senior Vice President	67,034,184	60,252,382	6,781,802	1.37	Sell 13,485,220 shares Share dividend 6,703,418 shares in 2016
10.	Somchai Chinthammit <sup>6</sup> (Including spouse and children)	Director and Assistance Vice President	103,463,169	113,809,485	10,346,316	2.58	Share dividend 10,346,316 shares in 2016
11.	Ms. Duangkae Chinthammit	Director and Assistance Vice President	90,621,494	99,683,643	9,062,149	2.26	Share dividend 9,062,149 shares in 2016
12.	Mr. Tachpong Pakornsiriwong	Director	143,784	158,162	14,378	0.00	Share dividend 14,378 share in 2016
13.	Mr. Chattri Chinthammit	Director	52,243,224	57,467,546	5,224,322	1.30	Share dividend 5,224,322 shares in 2016
14.	Mr. Somchat Chinthammit	Director	20,825,383	22,907,921	2,082,538	0.52	Share dividend 2,082,538 shares in 2016

No.	Name	Position	Share amount		Share amount Increase/ (decrease) (in 2014)	% of voting shares	Remark Paid in share dividend ratio 10:1 on 25 March 2016
			31- Oct-15 Par 0.50 Baht	31- Oct-16 Par 0.50 Baht			
15.	Mr. Sittl Leelakasamelurk	Independent director	-	-	-	-	No KSL share
16.	Pol.Gen Boonpen Bumpenboon	Independent director	-	-	-	-	No KSL share
17.	Mr. Pramoon Vichlensin	Independent director	-	-	-	-	No KSL share
18.	Ms. Nongluck Phlanaitsart	Independent director	-	-	-	-	No KSL share
19.	Mr. Warapatr Todhanakaserm	Independent director	-	-	-	-	No KSL share
20.	Mr. Karun Kittisataporn	Independent director	-	-	-	-	No KSL share
21.	Mr. Trakarn Chunharojrit <sup>7</sup> (Including spouse and children)	Director and Assistance Vice President	16,920,144	18,612,158	1,692,014	0.42	Share dividend 1,692,014 shares in 2016
22.	Mr. Chanachai Chutimavoraphand	Vice President	104,868,636	115,355,499	10,486,863.00	2.62	Share dividend 10,486,863 shares in 2016
23.	Mr. Dhajjal Subhapholsiri	Vice President/ Company Secretary	-	-	-	-	No KSL share

Note : ● Independent director

1.	Mr. Chamroon Chinthammit	94,133,231	M.L. Charuvadhana Chinthammit (wife)	52,775,901	146,909,132	in 2016
2.	Mr. Prapas Chutimavoraphand	24,962,188	Mrs. Sumitra Chutimavoraphand (wife)	21,574,000	46,536,188	in 2016
3.	Mr. Pornsin Thaemsirichai	29,390,196	Mrs. Montanut Thaemsirichai (wife)	30,688,231	60,078,427	in 2016
4.	Mr. Chalush Chinthammit	43,279,926	Chayapat Chinthammit (child)	11,088,000		
			Chatchape Chinthammit (child)	11,088,000		
			Cholapim Chinthammit (child)	374,000	65,829,926	in 2016
5.	Mr. Thawatchai Rojanachotikul	55,937,112	Mrs. Korakaj Rojanachotikul (wife)	4,315,270	60,252,382	in 2016
6.	Mr. Somchai Chinthammit	96,225,726	Nuttamon Chinthammit (child)	17,583,759	113,809,485	in 2016
7.	Mr. Trakarn Chunharojrit	13,621,766	Mrs. Rattana Chunharojrit (wife)	4,990,392	18,612,158	in 2016

THE DISCLOSURE OF DIRECTORS' SHAREHOLDING BY SHOWING THE NUMBER OF SHARES HELD AT THE BEGINING AND END OF THE YEAR, AND TRADE DURNING THE YEAR 2016 IN ANNUAL REPORT

Disclosure of shareholding of directors and executives in the beginning , the end, and during the year 2016

No.	Name	Ordinary Position	share 31-Oct-15 Par 0.50 Baht	Change of share during 2016				Ordinary share 31-Oct-16 Par 0.50 Baht	% of voting shares
				Buy	(Sell)	Transferee/ (Transferor)	Share dividend		
						Par 0.50 Baht			
1.	Mr. Manu Leoparote ●	Chairman/ Independent director	-	-	-	-	-	-	-
2.	Mr. Chamroon Chinthammit <sup>1</sup> (Including spouse and children)	President and CEO	79,672,274 47,978,092	6,371,600			8,089,357 4,797,809	94,133,231 52,775,901	2.134 1.197
3.	Mr. Prapas Chutimavoraphand <sup>2</sup> (Including spouse and children)	Director	21,802,080 19,612,728	2,988,500	(2,014,600)		2,186,208 1,961,272	24,962,188 21,574,000	0.566 0.489
4.	Mr. Pornsin Thaemsirichai <sup>3</sup> (Including spouse and children)	Director and Senior Vice President	26,718,360 27,898,392				2,671,836 2,789,839	29,390,196 30,688,231	0.666 0.696
5.	Mr. Sukhum Tokaranyaset	Director and Senior Vice President	57,498,612	20,336,127	(34,500,000)	(48,600,000)	5,749,861	484,600	0.011
6.	Mrs. Intira Sukhanindr	Director and Senior Vice President	23,156,090 -				2,315,609	25,471,699 -	0.578 -
7.	Mr. Chalush Chinthammit <sup>4</sup> (Including spouse and children)	Director and Vice President	39,345,388 20,500,000				3,934,538 2,050,000	43,279,926 22,550,000	0.981 0.511
8.	Ms. Duangdao Chinthammit	Director and Vice President	90,545,413				9,054,541	99,599,954	2.258
9.	Mr. Thawatchai Rojanachotikul <sup>5</sup> (Including spouse and children)	Director and Senior Vice President	50,851,920 16,182,264		(13,485,220)		5,085,192 1,618,226	55,937,112 4,315,270	1.268 0.098
10.	Mr. Somchai Chinthammit <sup>6</sup> (Including spouse and children)	Director and Assistance	87,477,933 15,985,236				8,747,793 1,598,523	96,225,726 17,583,759	2.182 0.399
11.	Ms. Duangkae Chinthammit	Director and Assistance Vice President	90,621,494				9,062,149	99,683,643	2.260
12.	Mr. Tachpong Pakornsiriwong	Director	143,784				14,378	158,162	0.004
13.	Mr. Chattri Chinthammit	Director	52,243,224				5,224,322	57,467,546	1.303
14.	Mr. Somchat Chinthammit	Director	20,825,383				2,082,538	22,907,921	0.519
15.	Mr. Sitti Leelakasamelurk ●	Independent director	-	-	-	-	-	-	-
16.	Pol.Gen Boonpen ● Bumpenboon	Independent director	-	-	-	-	-	-	-
17.	Mr. Pramoon Vichiensin ●	Independent director	-	-	-	-	-	-	-
18.	Ms. Nongluck Phinainitisart ●	Independent director	-	-	-	-	-	-	-

No.	Name	Ordinary Position	share	Change of share during 2016				Ordinary share	% of voting shares
			31-Oct-15	Buy	(Sell)	Transferee/	Share	31-Oct-16	
			Par 0.50 Baht			(Transferor)	dividend	Par 0.50 Baht	
			Par 0.50 Baht						
19.	Mr. Warapatr Todhanakaserm	Independent director	-	-	-	-	-	-	
20.	Mr. Karun Kittisataporn	Independent director	-	-	-	-	-	-	
21.	Mr. Trakarn Chunharojrit <sup>7</sup> (Including spouse and children)	Director and Assistance Vice President	12,383,424 4,536,720				1,238,342 453,672	13,621,766 4,990,392	0.309 0.113
22.	Mr. Chanachai Chutimavoraphand	Vice President	104,868,636				10,486,863	115,355,499	2.616
23.	Mr. Dhajjai Subhapholsiri	Vice President/ Company Secretary	-	-	-	-	-	-	

Note : ● Independent director 25 March 2016 Paid share dividend in ratio 10:1

1.	Mr. Chamroon Chinthammit	94,133,231	M.L. Charuvadhana Chinthammit (wife)	52,775,901	146,909,132	in 2016
2.	Mr. Prapas Chutimavoraphand	24,962,188	Mrs. Sumitra Chutimavoraphand (wife)	21,574,000	46,536,188	in 2016
3.	Mr. Pomsin Thaemsirichai	29,390,196	Mrs. Montanut Thaemsirichai (wife)	30,688,231	60,078,427	in 2016
4.	Mr. Chalush Chinthammit	43,279,926	Chayapat Chinthammit (child)	11,088,000		
			Chatchape Chinthammit (child)	11,088,000		
			Cholapim Chinthammit (child)	374,000	65,829,926	in 2016
5.	Mr. Thawatchai Rojanachotikul	55,937,112	Mrs. Korakoj Rojanachotikul (wife)	4,315,270	60,252,382	in 2016
6.	Mr. Somchai Chinthammit	96,225,726	Nuttamon Chinthammit (child)	17,583,759	113,809,485	in 2016
7.	Mr. Trakarn Chunharojrit	13,621,766	Mrs. Rattana Chunharojrit (wife)	4,990,392	18,612,158	in 2016



# NAME OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATES OF KHON KAEN SUGAR INDUSTRY PLC. ON OCT 31, 2016

Name - Surname		Position	Subsidiaries and Associates														
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Mr. Manu	Leopairote	Chairman	X	X	X												
2. Mr. Chamroon	Chinthammit	Director / President and CEO	//	//	//		X	X			X	X	X	X		X	
3. Mr. Prapas	Chutimavoraphand	Director / Executive Director	//	//	//	//		/									
4. Mr. Pornsin	Thaemsirichai	Director / Executive Director	//	//	//			/	/					/	X		
5. Mr. Sukhum	Tokaranyaset	Director / Executive Director	//	//	//		/				/	/	/				/
6. Mr. Thawatchai	Rojanachotikul	Director / Executive Director	//	//	//		/				/	/	/	/			
7. Mrs.Intira	Sukhanindr	Director / Executive Director	//	//	//			/				/	/				
8. Ms. Duangdao	Chinthammit	Executive Director	//	//	//						/		/				
		Nomination and Remuneration Committee															
9. Mr. Somchat	Chinthammit	Director / Executive Director	//	//	//	/		/				/					
10. Ms. Duangkae	Chinthammit	Director / Executive Director	//	//	//												
11. Mr.Somchart	Chinthammit	Director/ Nomination and Remuneration Committee	/	/	/												
12. Mr. Tachpong	Pakornsiriwong	Director and Executive	//	//	//									/			
13. Mr. Chalush	Chinthammit	Director / Executive Director Risk Management Committee	//	//	//	/	/	/	/		/		/	//			/
14. Mr. Chatri	Chinthammit	Director	/	/	/												
15. Mr. Trakarn	Chunharajrit	Executive Director /	//	//	//			/			/		/				
16. Mr. Pramoon	Vichiensin	Independent Director/Chairman Nomination and Remuneration Committee															
17. Pol.Gen Boonpen	Bumpenboon	Independent Director/Chairman Risk Management Committee/CG Committee															
18. Mr. Sitti	Leelakasamelurk	Independent Director/ Chairman of Audit Committee/ Risk Management Committee															
19. Mr. Karun	Kittisataporn	Independent Director/ Audit Committee / CG Committee															
20. Mr. Warapatr	Todhanakaserm	Independent Director/Chairman CG Committee / Risk Management Committee/ Audit Committee															
21. Ms. Nongluck	Phinainitisart	Independent Director/Audit Committee/ CG Committee							/								
22. Mr. Chanachai	Chutimavoraphand	Vice President				//		/				/	/	/	/	/	/
23. Mr.Theera	Sanguandeekul	Vice President						/					/	/	/	/	/
24. Mr.Wiraj	Chunfong	Assistant Vice President											/	/	/	/	/
25. Mr.Narong	Jitnomrat	Assistant Vice President											/	/	/	/	/
26. Mr.Piripon	Chinthammit	Assistant Vice President									/		/	/	/	/	/
27. Mr.Thirapong	Nacasakseevee	Assistant Vice President										/	/	/	/	/	/

\*\*NOTE : 1) Symbols Position

X Chairman, / Director, // Executive Director

2) Name of Subsidiaries and Associates

1. Tamaka Sugar Industry Co.,Ltd.

2. New Krung Thai Sugar Factory Co.,Ltd.

3. New Kwang Soon Lee Sugar Factory Co.,Ltd

4. Thai Sugar Terminal Plc.

5. KSL Export Trading Co.,Ltd.

6. Khon Kaen Sugar Power Plant Co.,Ltd.

7. Khon Kaen Alcohol Co.,Ltd.

8. KSL Material Supplies Co.,Ltd.

9. KSL Real Estate Co.,Ltd.

10. Champlon Fermentation Co.,Ltd.

11. KSL Agro and Trading Co.,Ltd.

12. Savannakhet Sugar Corporation

13. Koh Kong Plantation Co.,Ltd.

14. Koh Kong Sugar Industry Co.,Ltd.

# CORPORATE SOCIAL RESPONSIBILITIES



Khon Kaen Sugar Industry Public Company Limited is strongly committed to operating its businesses responsibly. The company's corporate social responsibility (CSR) programs are created to continuously support the local communities and the environment that surrounds them. The company believes in respecting human rights and the protecting the interests of its stakeholders including the society and the country at large, through ethical practice and transparent operations.

The company is determined to advance its sugar and related businesses ethically and responsibly. Its commitment towards stakeholders, communities, society, and environments are detailed as follow:

1. **Corporate Governance :** The company aims to become part of a leading organization in Thailand. To this effect, it looks to promote sustainable growth, to build good reputation and credibility amongst its investors and other stakeholders, to adopt ethical business practices and to strictly follow good corporate governance guidelines.

2. **Respect for Human Rights :** The company supports the principle of human rights. To this effect, it will conduct activities that support human rights and the right to freedom. The company believes in the principle of equality and will not tolerate discrimination of race, age, and gender. It is also against the use of child labor and any form of corruption. At present, the Company is in the process of applying for no child labor and no force labor workplace certification.
3. **Fair Employee Treatment :** The company will give fair compensation to its employees at the level that is appropriate to the industrial environment of Thailand and any changes in the organizational structure will be done responsibly and in accordance with the law of Thailand. The company created an Employee Benefit Committee so that its employees can participate in the management of the benefits that they will receive. The objectives are to provide further benefits to employees so that they can work happily and more efficiently. The company also created a provident fund that would help employees save and invest money towards their retirement. The company received its TLS 8001-2546 certificate, the highest recognition for businesses that operate with social responsibility from Department of Labor Protection and Welfare of Thailand and has been maintaining the same standard for 8 consecutive years. Additionally, the company created Health and Safety Committee to oversee the health and safety policy and practice at all its factories. The committee is responsible for regularly testing safety alarms, placing fire extinguishers at appropriate locations, organizing fire drills and related training.
4. **Care for the Environment :** The company has in place an environmental policy that strictly follows the government law and regulation as well as other environmental standards such that it may be able to reduce and/or eliminate waste systematically. It also has put in place measures to ensure the efficiency of its waste management and collect data to compare and improve its waste reduction performance. For example, at its sugar mills, the company uses the wet scrubber technology to catch dust from heating the steamer; at ethanol plant, the waste water from production is used to mix with filter cake (by product of making sugar) to make bio-fertilizer that is environmentally friendly and good for local cane farmers. Prior to the start of any new project that may negatively affect the environment and local communities, the company will first conduct an environmental impact assessment (EIA) first so that it may analyze the positive and negative results from the project and set policies to prevent and reduce its environmental impact.
5. **Adopt Good Business Ethics :** The company intends to conduct its operations ethically, in compliance with the law and societal practice, and remain politically neutral.
6. **Customer and Supplier Care :** The company places great importance in producing high quality sugar that is safe for human consumption. It also aims to continuously provide good service to its customers and suppliers and hope that in return, the company will receive the same high quality and service from them and therefore able to build a longstanding relationship.



- 7. Community participation and development :** The company considers the needs of the community and the importance of people as vehicle of building strong and ethical communities. It supports activities that help educate people, build strong culture and society, and improve quality of everyone's life. The company encourages its employees to participate and volunteer in all activities that will positively serve society.

Additionally, the company's management strongly supports his majesty King Rama 9th "Sufficiency Economy" philosophy. The company established AgriNature Center on its KSL Riverkwai estate located in Kanchanaburi province. This center becomes a member to the AgriNature Foundation that is founded to help people put his majesty's philosophy into practice. The company systematically promotes this philosophy to its employees and to interested individuals from the communities surrounding its factories through hands-on training at the AgriNature Center so that they may adopt his majesty's sufficiency economy philosophy and used it in their daily life.

The company believes that its continuous efforts in its various different CSR programs can help improve the quality of life of its stakeholders and help the company and the society at large to build a sustainable future together.

# KSL GROUP ACTIVITIES IN 2016

## 1. Shareholders Site Visit (2016)

On 18 March 2016, Khon Kaen Sugar Industry Public Company Limited had launched this project for the shareholders to visit Bo Ploy Bio-Refinery Complex (located in Bo Ploy District, Kanchanaburi Province) including brief lecture at KSL River Kwai Agri - Nature Learning Center regarding overview of operation related to company's social responsibility projects with scope of understanding philosophy of self-sufficient economy.



## 2. Donation for flooding in Phayao Province

On 17-18 September 2016, Khon Kaen Sugar Industry Public Company Limited participated in donation function for helping the local residents who were affected by severe flood in Phayao Province (in Project helping affected people). For this event, Provincial Governor assigned president of Phayao Provincial Red Cross Chapter to be received the donation.





### 3. 29<sup>th</sup> International Society of Sugar Cane Technologists (ISSCT)

The Kingdom of Thailand is the host of Congress of the 29<sup>th</sup> International Society of Sugar Cane Technologists (2016) during 2<sup>nd</sup> – 11<sup>th</sup> December 2016 at Chiang Mai International Convention and Exhibition Center to demonstrate new techniques and technologies for planting sugar cane and producing sugar, including innovative approach for utilization in production processes.

Congress of the 29<sup>th</sup> International Society of Sugar Cane Technologists was held to interact and exchange knowledge between the industries and further demonstrates the innovative technology related to sugar cane and sugar related products from various countries across the world. With concept of "Sufficient and Sustainable Agri-Sugar Cane from Small Farmers to Global Exporters", there were representatives from government, private sectors and academic institutions of more than 2,000 delegates from 80 countries worldwide.

On 3 December 2016, Khon Kaen Sugar Industry Public Company Limited (Nam Pong location) welcomed groups of more than 121 participants (Pre-Congress Tour) consists of business personals from private sector of how to implement innovative processes in-related to natural energy.





The delegates were officially welcomed by the Chairman of the Board, Khun Manu Leopaibote with the group including Khun Chamroon Chinthammit (CEO), Khun Piripon Chinthammit (Acting Vice-President), Khun Lertlak Janejaivit (Production Director) and Khun Vimonmarn Pakornsiriwong (Assistant Vice-President) at 2<sup>nd</sup> Floor's Main Meeting Room of the newly established Khon Kaen Sugar Industry Public Company Limited (Nam Pong) office.



One of the interesting programs of this event is visiting sufficiency economy learning center with the visiting participants, which was welcomed by Khun Piripon Chinthammit and teams at Sufficiency Economy Learning Center (Rak Din Rak Nam Community), located at Ban Hua-bung, Pang Tui Sub-District, Nampong District, Khon Kaen Province. Khon Kaen Sugar Industry Public Company Limited has long been supporting this learning center and initiates education and practice for local residents with philosophy of self-sufficiency economy of His Majesty King Bhumibol Adulyadej in our daily life; with thoroughly proving knowledge to help people understand the relationship between them with the surrounding community and creating sufficient and healthy everyday lives.





4. Khun Chamroon Chinthammit, CEO,  
was awarded with Honorary Doctorate Degree of Arts  
(Geosocial-Based Management), Srinakharinwirot University, Thailand

On 6 October 2016, Khun Chamroon Chinthammit (CEO of Khon Kaen Sugar Industry Public Company Limited) attended Commencement Ceremony to receive Honorary Doctorate of Arts (Geo-Social Based Management) from Her Royal Highness Princess Maha Chakri Sirindhorn at Srinakharinwirot University, Ongkharak District, Nakhon Nayok Province.





## 5. Hosting of Thot Kathin Ceremony for 2016 (Tamaka District, Kanchanaburi Province)

On 5 November 2016, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries hosted Thot Kathin Ceremony for 2016 at Tamaka Temple, Tamaka Sub-District, Tamaka District, Kanchanaburi Province with total amount of 2,214,140 Baht





## 6. Hosting of Thot Kathin Ceremony for 2016 (Wangsaphung District, Loei Province)

On 8 November 2016, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries hosted Thot Kathin Ceremony for 2016 at Wat Pha Chai Mongkol Temple, Nongyaplong Sub-District, Wangsaphung District, Loei Province with total amount of 851,459.25 Baht.





## AWARD

### Tamaka Sugar Industry Co., Ltd. received "CSR-DIW Continuous Award 2016"

Tamaka Sugar Industry Co., Ltd. was awarded a plaque of recognition and a certificate of "CSR-DIW Continuous Award 2016", which is a reward for corporate responsibility standard committed by industrial entrepreneurs in 2016 from Department of Industrial Works, Ministry of Industry. CSR-DIW Continuous Award emphasizes on projects which promote social responsibility and community interdependence in a sustainable manner.

Dr.Somchai Harnhirun - Permanent Secretary of Ministry of Industry - presided over the ceremony and handed over the award to Mr. Karunchai Taksin, Quality and Environment Manager of Tamaka Sugar Industry Co., Ltd. representing the Company, on 28 July 2016 at Grand Diamond Ballroom, 2<sup>nd</sup> Floor, Impact Forum Hall 9, Impact Convention Center.

Tamaka Sugar Industry Co., Ltd. had been awarded this CSR-DIW Award in a consecutive year since 2015 in the category of Group 1- Large, Medium and Small Industry Plant with potential to maintain CSR-DIW standard.





**Khon Kaen Sugar Industry Public Company Limited was ranked in Top 100 sustainable operation public company limited or ESG100 from Thaipat Institute**

ESG Rating department of Thaipat Institute, Thai Rural Reconstruction Movement has developed a database of sustainable business in Thailand by evaluating the environmental, social and good governance (ESG) in listed company start from 2015. From evaluating in 2016 have listed 621 company (Excluding securities under reconstruction) by refer from public document, 56-1, Annual Report, report of sustainability and performance data relating to the sustainable development of the company from 6 source total more than 11,500 data point.

The rated security ESG100 is initial data is that investor can select listed securities ,other from sustainable earning that for respond sustainable investment.

Dr.Pipat YodPraktikarn Director of Thaipat Institute has said in awarded a diploma event "The rated in this year Thaipat have analyze ESG data integrated appended to the financial data is call Integrated ESG Assessment for accordance between performance ,and Environmental, Social and Governance with 3 key element that is analyze industry, corporate strategy and Financial Reports"

The rated security ESG100 was carried continues for a second year, In addition to supporting the development of the disclosures ESG of listed company and will also publish information of listed companies performed well for investors both in country and abroad. ESG can increase investment opportunities in listed companies for investors who using ESG criteria to generate a satisfactory financial return in the long term with a positive social impact.



# INTERNAL CONTROL AND RISK MANAGEMENT

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## Internal Control

The company has focused on internal control covering its finance compliance to relevant laws and regulations with appropriate risk management measures in order to protect the company. The Company has focused on the anti-corruption measures with internal control system designed to work with all parties involved to prevent risks which may arise. The company has entrusted the Audit Committee, which consists of independent director, is assigned to review and assess the internal control system thoroughly whereas the internal audit department acts and operates independently from the executives and management who reports directly to the Audit Committee.

The Company's assessment of internal controls is under the structure of the internal control standards of Committee of Sponsoring Organizations of the Treadway Commission (COSO) is as follows.

### 1. Control Organization

The company is focusing on business and operational transparency. The goal of the company is to review and illustrate actual performance in comparison to targets within the organization. The organizational control consists of clear structure and management to ensure clear responsibilities to achieve the objectives under the supervision of the Commission; moreover, the company also imposes ethics policy on corporate governance, the anti-corruption and conflicts of interest in relate to the operation of the company. Focusing and demonstrating adherence to the values of integrity and appropriate ethics as the new key focus for the company established by the management and leaderships of the company.

The Board of Directors is acting independently from management and operational teams who oversees the development and implementation of internal controls. The company is committed to developing and retaining talents which is considered as valuable asset of the company, in order to establish organizations to enforce control and monitor. In the field of anti-corruption, the Company has initiated and provided a detailed assessment if potential risks associated with fraud within the Company; in conclusion, the company is dedicated to fight against corruption overall.

### 2. Risk Assessment

The Company's objectives on risk assessment are clearly identified and evaluated with relation to achieve the objectives of the organization. The Audit Committee has engaged with the Risk Management Committee of the company in the evaluation of risk factors, both internal and external to affect the business operation of the Company. The Risk Management Committee is to identify and analyze the risks of all aspects. Including the risk of fraud and corrupt that may affect the achievement of the objectives set for an entire organization and the level of risk that the impact and potential of each business process. To determine the risk management plan.

### 3. Operational Control

The company has established a significant business operations in its core business; furthermore establish a more systematic and effective operation to achieve the objectives and operation targets. Operation control measures the organization stays in the same benchmark which we have set by developing activities, selecting tools and explore new technologies to assist the achievement of overall corporate objectives. The company emphasis control through strict governed rules and policies, this has set clear stage for employees and operations clearly understand and perform under the vision of the company. With understanding authorities and responsibilities by clearly written policies, parties which involved with the operation control may execute within the range of their authorities to incorporating anti-corruption with the applicable policies. Moreover, to establish clearly instruction and level of approval flow such as separating the accounting records with the actual inventory allocations as well as monitoring the compliance with laws and regulations are strictly enforced throughout every stage of the operational control.

#### **4. Information and Communication**

The Company has provided advanced and detailed information systems, including the provision of adequate information from internal and external of the company to provide accurate, timely, and efficiency. The company encourages local control can be carried out on the timely basis. Operational objectives and the preparation of reports can be executed with every department to offer immediate decisions. Reports can be prepared with analytical purposes by the operation and management team. Actual data, transactions, communication and financial information are recorded to ensure transparency and traceability. The Audit Committee has carefully established a structure with the auditors from the internal audit team with those associated with the preparation of its financial statements on a quarterly basis providing measures of accuracy and transparency; in addition to the standard confirmation of the company's accounting policies are in accordance with generally accepted accounting principles.

Other than information systems, the company also provides an appropriate channel of communication to clearly illustrate responsibilities as well as various employee issues within the organizations. The company is proud to establishing a secure channel for potential violations or complaints regarding corruption. Overall communication within or outside of the organization are consist of important aspect for the company's view on the overall internal control.

#### **5. Monitoring System**

The company has always monitor and track the performance to meets the goals and targets of the operation to provide the Board of Directors, Executive Committee and administrators oversee the implementation relate to the development of the company and continuously implement additional programs and projects in accordance with annual business plan. Immediate adjustments can be executed if issues arise with various circumstances or economic changes. Establish a practice of comparing actual results against projections continuously due to actual operating environment and results may be different from the forecast and projections. The monitoring system could make each departments and managers a clear management tool and determine ways to improve operational efficiency. Clarity of the responsibilities and monitoring system present immediate and analysis to discover the causes and envision direction of the potential solutions. In the same time, all of the activities, details are being recorded to ensure integrity, transparency and lower the risk of potential anti-corruption actions.

The monitoring and tracking system also provide the management to clearly carry out the control to provide proper evaluation of organizational responsibilities. In the aspect of the internal control, the monitoring system assist the company to have a clear view of the responsibilities, performance accordance to the Internal Audit Department to audit and report independently to the Audit Committee in the year 2016 by the Audit Committee.

### **Risk Management**

The responsibilities of the Risk Management Committee of the Company are to define, analyze, evaluate and construct adequate structure. The leading risk factors concerning are the internal factors and external factors. The risk management team provides the management clear plan of setting up control points within the organization, eventually establish appropriate and acceptable risk control top the organization.

During the year 2016, the risk management committee has envisioned implementation and development as follow:

1. To emphasis more clear operation structure of the plant manager of the overall organization (seven locations including headquarter) with clear written job description (Job Description) and steps to perform tasks (Work Instruction). The plant managers understand practices of the various responsibilities and operations with the basis for each segment operations and procedures performed continuously with effectiveness.
2. Charter Review Committee; establish the duties and responsibilities of the Office of Risk Management, Risk Management Guide and operation guide of the Office of Risk Management for the year 2016/2017.

3. Prepare adequate material for appropriate training process. Establish control, compliance and audit compliance (Compliance and Compliance Audit) Risk management organization with re-checking systems of the management to ensure continuous operation effectiveness (Business Continuity Management System: BCMS) and in alignment with against fraud and corruption, along guidance using policy governance. Revised Annual 2016 is the basis for the preparation of the content.
4. Training managers and employees in seven enterprise locations including headquarter according to the content mentioned above, which the attendants will be evaluated to ensure understanding of the content which they are trained.
5. Prepare necessary practice accordance to the laws and regulations based on COSO – ERM is the process of governance. Control environment, risk control activities, information and communication, which including monitoring and evaluation of the overall process in the seven enterprise locations including headquarter. The company will be responsible for controlling compliance (Compliance), the company used as the basis for monitoring compliance with such terms.
6. The process of evaluating the risks of fraud and corrupt. As a tool to monitor and control the risk of fraud (FRA Tool: Fraud Risk Assessment Tool), which also set guidelines on the supervision and control of the organization. The purpose is to monitor the potential risks of fraud and corrupt and protect the company from such risk. The company has the responsibilities to prevent such incident occurrences. To designated personals to be responsible for the coordinating, monitoring and evaluating of the overall activities within the operation of the company. Furthermore, the internal auditors of the company are monitoring and reviewing the information provided by the process whose responsibility is to provide risk action plan and the policies of anti- corruption.
7. Establishment of the campaign and training session with strategic partners and the company's customers to combat corruption. Such establishment was carried out on September 12, 2016 at KSL Tower, 17th floor. The Company is emphasis on operational transparency and fairness. The campaign illustrates partners and customers to understand and the importance of fight against corruption as a whole team in the future.
8. Define the risk definition and risk base lines for each risk factor for the year 2016/2017, which have been reviewed and approved by the Board Risk Management Committee.
9. Plan to support the analysis and evaluation of new risk factors for the year 2016/2017 and provide guidelines and measures in response to the potential risk. To serve as guidelines for the preparation of a joint report risk status at 4/2017.
10. The initial meeting for the Office of Risk Management to carry out the operation and necessary actions.
11. Support the preparation of the annual report risk status in 2016 according to the work of seven enterprises including headquarter.
12. The risk status report for the year 2016 was reported to the Group's Board of Directors. The data shows that the existing risk categories reduced risks categories and increased risk categories. The detailed information is presented for the management to take necessary corrective action plans.

According to the results of the operation, the committee concludes that the internal control systems of the Group remained at an acceptable status of the overall organization. However, improvement should be carried out to achieve Risk Management Committee's overall standard requirements and objectives.

# RELATED PARTY TRANSACTIONS

Related party transactions for the year ended 31 October 2016 and 2015 disclosed in this section comprise of transactions between the enterprises and subsidiaries, associated, and individuals that may have the conflict of interest as follows:

## Related Party Relationship as at October 31, 2016

### Subsidiaries

Company name	Relationship
<b>Tamaka Sugar Industry Co., Ltd.</b> Manufacture and distribution of sugar and molasses	Tamaka Sugar Industry Co., Ltd. is controlled by the company which owns 90.21% of the subsidiary's shares. Individuals that relate to directors of the company own 9.79% of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>New Krung Thai Sugar Factory Co., Ltd.</b> Manufacture and distribution of sugar and molasses	New Krung Thai Sugar Factory Co., Ltd. is controlled by the company which owns 95.78% of the subsidiary's shares. Individuals that relate to directors of the company own 4.22 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>New Kwang Soon Lee Sugar Factory Co., Ltd.</b> Manufacture and distribution of sugar and molasses	New Kwang Soon Lee Sugar Factory Co., Ltd. is controlled by the company which owns 98.61% of the subsidiary's shares. Individuals that relate to directors of the company own 1.39 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>K.S.L. Real Estate Co., Ltd.</b> Housing and land for agriculture estate including holiday resort for training, seminar center and Office building for rent	K.S.L. Real Estate Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd. which owns 40.77% and 50.25% of the subsidiary's shares, respectively. Individuals that relate to directors of the company own 8.98 % of the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose because the ownership proportion is less than 10%.
<b>K.S.L. Export Trading Co., Ltd.</b> Export sugar as exporting agent	K.S.L. Export Trading Co., Ltd. is a subsidiary of and controlled by the company, Tamaka Sugar Industry Co., Ltd., New Krung Thai Sugar Factory Co., Ltd. and New Kwang Soon Lee Sugar Factory Co., Ltd. which own 33.87%, 20.85%, 15.36% and 9.47% of the subsidiary's shares, respectively. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Thawatchai Rojanachotikul, Mr. Sukhum Tokaranyaset and Mr. Chalush Chinthammit.
<b>Savannakhet Sugar Corporation Co.,Ltd.</b> Agricultural Operation, Manufacture and distribution of sugar and molasses	Savannakhet Sugar Corporation is controlled by the company which owns 98.49% of the subsidiary's shares. None of major shareholders and directors of the company own the subsidiary's shares. Therefore, related transactions between the company and subsidiary are not required to disclose
<b>Koh Kong Sugar Industry Co., Ltd.</b> Manufacture and distribution of sugar and molasses which are during investment process	Koh Kong Sugar Industry Co., Ltd. is controlled by the company which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.
<b>Koh Kong Plantation Co., Ltd.</b> Agricultural Operation	The Company holds shares indirectly which owns 80.00% of the subsidiary's shares. None of major shareholders and directors of the company own the shares. Therefore, related transactions between the company and subsidiary are not required to disclose.

### Associates

Company name	Relationship
<b>Champion Fermentation Co., Ltd.</b> which manufacture and distribute of glutamic acid and glutamate (Present the company has Holding company.)	Champion Fermentation Co., Ltd. is an associate of and controlled by the company which owns 32.50% of the associate's shares. Major shareholders and directors of the company own 18.00% of the subsidiary's shares. Other major shareholders are a group of Taiwanese businessman. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset and Mr. Thawatchai Rojanachotikul.
<b>Thai Sugar Terminal Public Company Limited</b> Locating, silo warehouse and property rental	Thai Sugar Terminal Public Company Limited is an associate of and controlled by the company which owns 23.82% of the associate's shares. Major shareholders and directors of the company own 17.42% of the subsidiary's shares. The company also has common directors namely Mr. Somchai Chinthammit and Mr. Chalush Chinthammit.

## Related Companies

Company name	Relationship
<b>K.S.L. IT Center Co., Ltd.</b> Provide computerized and database services to parent company and related parties	Is controlled by Raja Ceramics Co., Ltd., and Thai Fermentation Industry Co., Ltd., whose stakes individually equal to 50% of K.S.L. IT Center Co., Ltd.'s shares. The company also has common directors namely Mr. Chattri Chinthammit.
<b>Raja Ceramics Co., Ltd.</b> Manufacture and distribution of ceramic products	Raja Ceramics Co., Ltd. is controlled by the same shareholder group of the company who owns 49.10% of Raja Ceramics Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, Mr. Trakarn Chunharojrit and Mr. Chalush Chinthammit.
<b>Thai Fermentation Industry Co., Ltd.</b> Manufacture and distribution of seasoning powder	Thai Fermentation Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 42.76% of Thai Fermentation Industry Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Sukhum Tokaranyaset, Mr. Thawatchai Rojanachotikul, and Mr. Somchai Chinthammit.
<b>On Nuj Construction Co., Ltd.</b> Hotel and real estate agent	On Nuj Construction Co., Ltd. is controlled by the same shareholder group of the company who owns 70.38% of On Nuj Construction Co., Ltd.'s shares. The company also has common directors namely Mr. Chamroon Chinthammit, Mr. Chalush Chinthammit, Ms. Duangkhae Chinthammit and Ms. Duangdao Chinthammit.
<b>K.K. Wood Industry Co., Ltd.</b> Manufacture and distribution of processing products	K.K. Wood Industry Co., Ltd. is controlled by the same shareholder group of the company who owns 88.75% of K.K. Wood Industry Co., Ltd.'s shares. There is no common director.
<b>Amarco Co., Ltd.</b> Distribution of pesticide products	Amarco Co., Ltd. is controlled by the same shareholder group of the company who owns 100% of Amarco Co., Ltd.'s shares. There is no common director.

## 1. The following transactions were carried out with related parties:

### 1.1 Sales and purchases of goods and services including balance transaction (for the year ended 31 October 2016 and 2015)

Customers	Sellers/ Service providers	Type of Transaction/ Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 16	31 Oct 15	
<b>Thai Fermentation Industry Co., Ltd.</b>	Khon Kaen Sugar Industry Public Company Limited	- Sales of molasses	588	26,412	The Company and its subsidiaries sold molasses to Thai Fermentation Industry as raw material. The transactions arose in ordinary course of business which carried out at market price on normal terms. Tamaka Sugar Industry provided a service of modify machine to Thai Fermentation Industry which carried out at cost plus administrative expense.
		- Gain on sale of investments	10,700	-	
		- Other accounts receivable	3	9	
	Tamaka Sugar Industry Co., Ltd.	- Sales of molasses	15	-	
		- Other accounts receivable	-	2,589	
<b>K.K. Wood Industry Co., Ltd.</b>	Khon Kaen Sugar Industry Public Company Limited	- Sales of supply and parts	439	456	The Company sold other product consisted of supplies and spare parts to K.K. Wood Industry Co., Ltd. to put into production process which carried out at cost plus administrative expense.
		- Trade accounts receivable	11	14	
		- Sale of sugar	-	-	
		- Other accounts receivable	-	4	
<b>Khon Kaen Sugar Industry Public Company Limited</b>	Thai Fermentation Industry Co., Ltd.	- Sale of chemical and water	963	475	The Company's group purchased chemical product as caustic soda and hydrochloric acid from Thai Fermentation Industry Co., Ltd. to clean their machineries. The product price of Thai Fermentation Industry Co., Ltd. was less than the others from price comparison because they were by product from production process.
		- Other accounts payable	140	74	
<b>Tamaka Sugar Industry Co., Ltd.</b>		- Sale of chemical and water	12	18	
<b>New Krung Thai Sugar Factory Co., Ltd.</b>		- Sale of chemical and water	13	18	
<b>New Kwang Soon Lee Sugar Factory Co., Ltd.</b>		- Sale of chemical and water	48	28	
<b>Khon Kaen Sugar Industry</b>	<b>K.K. Wood Industry Co., Ltd.</b>	- Purchase of property	54,185	-	K.K. Wood Industry Co., Ltd., which operates sift sugar grade size special to Mondelez International (Thailand) Co., Ltd. Since 2003, had the plans to out of business and the Company wishes to purchase machineries to be used in production of the Company. Khon Kaen Sugar Industry Public Company Limited



Customers	Sellers/ Service providers	Type of Transaction/ Conditions	Amount (Thousand Baht)		Necessity and reasonableness
			31 Oct 16	31 Oct 15	
Khon Kaen Sugar Industry Public Company Limited	K.S.L. Export Trading Co., Ltd.	- Service fees of goods exporting	7,743	5,803	Sugar exporting has to be made by only company that authorized by Cane and Sugar Board in the Royal Gazette according to the sugarcane and sugar act. The Company's group and Prachaup Industry Co., Ltd. therefore established K.S.L. Export Trading Co., Ltd. to only be export agent and documental support. K.S.L. Export Trading Co., Ltd. will charge service fees at cost plus administrative expenses according to volume of goods.
Tamaka Sugar Industry Co., Ltd.		- Service fees of goods exporting	1,606	2,723	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of goods exporting	3,320	6,334	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of goods exporting	803	771	
Savannakhet Sugar Corporation Co., Ltd.		- Service fees of goods exporting	304	370	
Khon Kaen Sugar Industry Public Company Limited	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer	40,798	17,738	The Company needs to use wharf and transfer services for group of sugar factory. Thai Sugar Terminal Public Company Limited priced service fees of goods custody and goods exporting were charge according to volume of goods and custody time, which are general rates in the market.
		- Other income	2,164	1,391	
		- Other accounts receivable	1,264	694	
		- Other accounts payable	2,377	359	
Tamaka Sugar Industry Co., Ltd.		- Service fees for goods custody and transfer	12,663	18,072	
		- Other income	1,325	2,391	
		- Other accounts receivable	21	-	
		- Other accounts payable	105	-	
New Krung Thai Sugar Factory Co., Ltd.	Thai Sugar Terminal Public Company Limited and its subsidiary company	- Service fees for goods custody and transfer	8,599	13,982	
		- Other income	140	1,031	
		- Other accounts receivable	9	3	
		- Other accounts payable	1,059	110	
		- Accrued Expenses	-	228	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees for goods custody and transfer	-	820	
		- Other income	-	200	
Khon Kaen Sugar Industry Public Company Limited	K.S.L. IT Center Co., Ltd.	- Service fees of computerized activities	6,471	5,854	K.S.L. IT Center Co., Ltd. was established for serve computer service center within the group companies. The said company priced service fees calculated by investment cost and operating expense to allocate according to actual data usages of each company.
		- Prepaid expenses	665	367	
Tamaka Sugar Industry Co., Ltd.		- Service fees of computerized activities	2,710	1,876	
		- Prepaid expenses	36	204	
New Krung Thai Sugar Factory Co., Ltd.		- Service fees of computerized activities	3,001	2,851	Tamaka Sugar Industry Co., Ltd.
		- Prepaid expenses	120	245	
New Kwang Soon Lee Sugar Factory Co., Ltd.		- Service fees of computerized activities	1,690	1,438	
		- Prepaid expenses	45	90	
K.S.L. Real Estate Co., Ltd.		- Service fees of computerized activities	140	19	
K.S.L. Export Trading Co., Ltd.		- Service fees of computerized activities	164	164	
Savannakhet Sugar Corporation		- Service fees of computerized activities	558	410	
Koh Kong Sugar Industry Co., Ltd.		- Service fees of computerized activities	519	497	
Koh Kong Plantation Co., Ltd.		- Service fees of computerized activities	143	137	

## 1.2 Rental fee (for the year ended 31 October 2016 and 2015)

Unit : Thousand Baht

Lessor	Lessee	Significant transaction	Amount (Thousand Baht)		Necessity and reasonableness of Connected Transaction
			31 Oct 16	31 Oct 15	
Khon Kaen Sugar Industry Public Company Limited	On Nuj Construction Co., Ltd.	Office rental area of 202.84 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/11/16 – 31/10/18)	730	730	The Company has rent out office space to its companies group due to locate office centrally market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
	Chengteh Chinaware (Thailand) Co., Ltd.	Office rental area of 495.54 square meters and car park at the rate of Baht 300 and 242 per square meter per month respectively and are allowed to be renewed annually (01/01/16 – 31/12/16)	1,784	1,784	
	K.S.L. IT Center Co., Ltd.	Office rental area of 432.62 square meters and car park at the rate of Baht 300 per square meter per month and are allowed to be renewed annually (01/08/16 – 31/07/17)	1,557	1,557	
	Amarco Co., Ltd.	Land rental area of 536 square meters at the rate of Baht 1,996 per square meter per month for the period of 20 years (01/02/04 – 31/01/24) with rental rate will be raised 10% every 3 years and has canceled the rental on October 31, 2016.	21	24	
	K.K. Wood Industry Co., Ltd.	Land rental area of 1,728 square was at the rate of Baht 99,200 per annum and are allowed to be renewed every 3 years (16/01/14 – 14/01/17) with rental rate will be raised 10% every 3 years and has canceled the rental on October 31, 2016.	79	99	
	K.S.L. Export Trading Co., Ltd.	Office rental area of 33.48 square meters at the rate of Baht 300 per square meters per month and is allowed to be renewed annually (01/10/15 – 30/09/16)	121	10	
Tamaka Sugar Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	Office rental area of 30.00 square meters with furniture at the rate of Baht 300 per square meters per month and is allowed to be renewed annually (01/09/14 – 31/08/15)	-	99	The Company has rent out office space to its companies group due to locate office centrally and conveniently. Rental fees were carried out at market prices on normal trade and agreement commencement date. Office rental and asset rental condition were set mainly concern about benefit to the company.
Champlon Fermentation Co., Ltd.	Tamaka Sugar Industry Co., Ltd.	Land rental area of 270 rai at the rate of Baht 740 per rai and is allowed to be renewed every 3 years (04/08/16 – 03/08/19)	200	200	Land leasing is for a plot of experimental sugar cane plantation and sugar cane research. Rental fees were charged at market prices.

### 1.3 Borrowings from/ Loans to related parties (for the year ended 31 October 2016 and 2015)

Unit : Thousand Baht

Borrower	Lender	For the year ended 31 October 2016				Interest paid	Necessity and reasonableness of Connected Transaction
		As at 1 Nov 2015	Loan addition during the period	Repayment during the period	As at 31 Oct 2016		
Khon Kaen Sugar Industry Public Company Limited	KSL Tower Juristic Person office	6,100	900	(100)	6,900	127	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 2.05-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

Borrower	Lender	For the year ended 31 October 2015				Interest paid	Necessity and reasonableness of Connected Transaction
		As at 1 Nov 2014	Loan addition during the period	Repayment during the period	As at 31 Oct 2015		
Khon Kaen Sugar Industry Public Company Limited	K.S.L. Export Trading Co., Ltd.	3,200	7,900	(5,000)	6,100	166	Khon Kaen Sugar Industry Public Company Limited has got financial support from KSL Tower Juristic Person office via short-term loans which is callable promissory notes, the loans are used for working capital, interest rates at 2.05-2.55% per annum and the interest is payable at the end of each month.

Unit : Thousand Baht

Borrower	Lender	For the year ended 31 October 2016				Interest paid	Necessity and reasonableness of Connected Transaction
		As at 1 Nov 2015	Loan addition during the period	Repayment during the period	As at 31 Oct 2016		
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	659,471	(659,471)	-	3,518	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd. which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd. lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd. represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd. pledged sugar exporting and promissory note as collaterals against credit facilities from K.S.L. Export Trading Co., Ltd. and no fee is charged for the inter-credit facility guarantee.

Unit : Thousand Baht

Borrower	Lender	For the year ended 31 October 2015			Interest paid	Necessity and reasonableness of Connected Transaction
		As at 1 Nov 2014	Loan addition during the period	Repayment during the period		
Prachaup Industry Co., Ltd.	K.S.L. Export Trading Co., Ltd.	-	755,645	(755,645)	3,343	The loan was provided as financial supporting through K.S.L. Export Trading Co., Ltd, which was registered according to the laws and regulations of sugar exporting. The credit line from financial institution was defined and borrowed by K.S.L. Export Trading Co., Ltd. Then, K.S.L. Export Trading Co., Ltd, lent to sugar factories. Therefore, K.S.L. Export Trading Co., Ltd, represents an intermediary for credit line carried out. Prachaup Industry Co., Ltd, pledged sugar exporting and promissory note as collateral against credit facilities from K.S.L. Export Trading Co., Ltd, and no fee is charged for the inter-credit facility guarantee.

#### Policy on Future Related party transactions

**The Audit Committee passed the resolution of related party transactions as the followings:-**

The Audit Committee has reviewed the related party transactions described in the table above and given the view that it was in accordance with normal business practice and carried out at market price.

#### Policy on future related party transactions

- 1. Normal Business Transactions** Normal business transactions include transfer and transport services and warehouse rental from Thai Sugar Terminal Public Company Limited and sales and purchases of sugar between the company and the subsidiaries. These connected transactions will firstly be brought to the company's consideration in respect of the company's interests and be ensured that they will be carried out at market price.
- 2. Rental Service Transactions** Rental service transactions will be carried out at market price and the same rate given to third parties.
- 3. Sales and Purchases of Assets and Investments** Sales and purchases of assets and investments are an increase of capital in order to maintain the same shareholding proportion as previously held. It is also an investment for the current business expansion and the future business growth. The policy of sales and purchases of assets and investments will firstly be brought to the company's consideration in respect of the company's interests and the justification for entering into the transaction, the necessity and appropriateness of such transactions.
- 4. Borrowings from/ Loan to persons having potential conflict of interest** Borrowings from/ Loan to persons having potential conflict of interest will firstly be brought to the company's consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions.
- 5. Other Related Transactions** Other related transactions are transactions other than 1-4 stated above.

Related party transactions between the company and the subsidiaries and the persons having potential conflict of interest, having a stake in or possibly having a conflict of interest in the future shall be subject to the opinion of the Audit Committee for their consideration in respect of the justification for entering into the transaction, the necessity and appropriateness of such transactions. In case the Audit Committee considers it lack expertise required for the consideration of possible transactions, it is empowered to recruit experts as needed. Experts, for example, could be an auditor or an independent appraisal officer, which is independent from both the company and persons having potential conflict of interest. The opinion of these recruited experts will be used in the decision-making of the Audit Committee and/or the Board of Directors of the company and/or shareholders as the case may be.

The Board of Directors of the company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand, including compliance with regulations on the disclosure of information on connected transactions and the acquisition or disposal of important assets of the company or its subsidiaries, and compliance with the accounting standards established by the Institute of Certified Accountants and Auditors of Thailand.

#### **Capital structure of individuals having potential conflict of interest over 10%**

Capital structure of individuals having potential conflict of interest over 10% is as the followings:-

1. Thai Sugar Terminal Public Company Limited (TSTE)

The individuals having potential conflict of interest own 17.42% of the TSTE's shares. The company owns 23.82% of the TSTE's shares and has no policy to increase its capital proportion. Moreover, the shareholders and directors have no intention to transfer their benefits to one of these two companies. In addition, Thai Sugar Terminal Public Company Limited has many directors from other sugar companies; thus, power balancing in TSTE is reasonable for both companies. To conclude, the related transactions between the company and TSTE are in line with the characteristics of normal trading in the market which will maximize highest value to both companies.

2. Champion Fermentation Co., Ltd.

The individuals having potential conflict of interest own 18.00% of Champion Fermentation Co., Ltd.'s shares. Other major shareholders are a group of Taiwanese businessman. Champion Fermentation Co., Ltd., formerly, has no business transactions except land leasing. However, Champion Fermentation Co., Ltd. has invested in cassava starch industry which does not relate to sugar industry in the end of 2004. The purpose of investment is for dividend received in the future and In the year 2016, the Company sold its all investment in Champion Fermentation Co., Ltd. to Thai Fermentation Industry Co., Ltd.

In conclusion, the shareholding structure of the company and the subsidiaries, which is owned by the individuals having potential conflict of interest over 10% in some companies, is the result from the past. Currently, the company has an intention changing its structure in order to minimize those conflicts. In addition, the company has the policy to directly invest in subsidiaries and associates in the future. Also, there will be the limitations in shareholding proportion for the individuals having potential conflict of interest except it will be done to maximize the company's value. Furthermore, the persons having potential conflict of interest will not make any investments in business that may constitute the conflicts of interest to the company or in competitive business to the company.

# FINANCIAL INFORMATION

The corporate accounting period begins on November 1 and ends on October 31 of every year.

## 1. Report of Independent Auditor

### 1) Auditor

Year 2014 Miss Wimolporn Boonyusthian, Certified Public Accountant, Registration No. 4067, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Year 2015 Miss Wimolporn Boonyusthian, Certified Public Accountant, Registration No. 4067, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Year 2016 Mr. Niti Jungnithirundr, Certified Public Accountant, Registration No. 3809, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

### 2.) Summary of the audit reports over the past three years

Year 2014 The Auditor reviewed corporate financial statements and issued unconditional opinions.

Year 2015 The Auditor reviewed corporate financial statements and issued unconditional opinions.

Year 2016 The Auditor reviewed corporate financial statements and issued unconditional opinions.

*Note : for the year ended October 31, 2016, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have changed their accounting policies for investment property and assets not used in operation for land from cost method to fair value method and have adopted Thai Financial Reporting Standards No.10 "Consolidated Financial Statements" and Thai Financial Reporting Standards No.13 "Fair Value Measurement" for the first time. The corresponding figures thus have been retrospectively restated to be in accordance with those new accounting policies.*

## 2. Percentage of Shareholding in the Subsidiaries and Consolidated Financial Statements Preparation Criteria

The financial statements for 2014, 2015 and 2016 include a total of 14 subsidiaries

**Table 1 : Percentage of Direct and Indirect Corporate Shareholding**

	% of Shareholding		
	2014	2015	2016
Tamaka Sugar Industry Company Limited	90.21	90.21	90.21
New Krung Thai Sugar Factory Company Limited	95.78	95.78	95.78
New Kwang Soon Lee Sugar Factory Company Limited	98.61	98.61	98.61
KSL Real Estate Company Limited*	91.02	91.02	91.02
KSL Export Trading Company Limited**	79.55	79.55	79.55
KSL Material Supplies Company Limited	100.00	100.00	100.00
Khon Kaen Sugar Power Plant Company Limited	100.00	100.00	100.00
KSL Green Innovation Public Company Limited***	100.00	100.00	100.00
KSL Agro and Trading Company Limited	100.00	100.00	100.00
WSP Logistic Company Limited****	-	-	100.00
Savannakhet Sugar Corporation	98.49	98.49	98.49
Koh Kong Plantation Company Limited*****	80.00	80.00	80.00
Koh Kong Sugar Industry Company Limited	80.00	80.00	80.00
Wynn In Trading Company Limited	100.00	100.00	100.00

### NOTE:

\* The Company hold shares indirectly through Tamaka Sugar Industry Company Limited

\*\* The Company holds shares indirectly through New Krung Thai Sugar Factory Company Limited, Tamaka Sugar Industry Company Limited and New Kwang Soon Lee Sugar Factory Company Limited.

\*\*\* KSL Green Innovation Public Company Limited, formerly name Khon Kaen Alcohol Company Limited.

\*\*\* WSP Logistic Company Limited, established in year 2016, currently still does not operate, the company objective is to provide logistics services.

\*\*\*\* The Company holds shares indirectly through Wynn In Trading Company Limited.



The Company previously consolidated Thai Sugar Terminal Public Company Limited and its subsidiaries ("TSTE Group") because the Company and TSTE Group had mutual certain key management personnel. However, the Company's management have reassessed the principle of control in accordance with Thai Financial Reporting Standards No. 10 "Consolidated Financial Statements", and believe that having mutual key management personnel has not caused the Company to have control but only have significant influence over TSTE Group since the date of the Company has become involved with TSTE Group. Consequently, TSTE Group is classified as associate which is no longer consolidated in preparation of the Company's consolidated financial statements.

### 3. Profit and Loss Statement

In 2016, the company generated the revenues from operations of THB 16,911 million, in total, decreasing from that in the previous year by 3%. The revenue from sales amounted to THB 16,744 million and the revenue from services amounted to THB 167 million. Regarding the increase in world sugar price in 2016, the export sugar price increased by 7-15% but the company had sales volume, dropped by 8% from lower sugar cane volume. In addition, the revenue from ethanol sales and electrical sales decreased. As a result, revenue from operations, in total, decreased from that in the previous year by 3%.

The company recorded the total cost of THB 13,279 million, decreased by 4% from previous year. The gross profit decreased by 2% from THB 3,692 million to THB 3,632 million.

Other incomes in 2016 amounted to THB 1,422 million, compared to THB 523 million in 2015. The increases came from, as followings:

	2016	2015
(1) Gain from asset sales	21 million	1 million
(2) Gain on fair value adjustments of investment property	1,138 million	20 million
(3) Gain (Loss) from exchange rate	37 million	-139 million
(4) Gain (Loss) from derivatives	27 million	171 million
(5) Revenue from Compensation for sugar production		197 million
(6) Other incomes	275 million	273 million
(7) Asset Impairment	-76 million	
<b>Total</b>	<b>1,422 million</b>	<b>523 million</b>

As a result, the company had the profit before the selling and administrative expenses THB 5,055 million, increased by 20%, compared to previous year.

#### Regarding the selling and administrative expenses

- (1) The company incurred selling expenses totaled THB 542 million, decreasing by 12% due to decrease in export volume.
- (2) Administrative expenses totaled THB 758 million, increasing by 15% which caused by allowance for farmer bad debt THB 55 million and impairment of obsolete supplies of THB 28 million.
- (3) Fee paid to Sugar Fund, THB 1,150 million, dropped from previous year at THB 1,157 million.

Subsequently, the company had the profit before financial cost and tax expenses totaled THB 2,464 million, increasing by 50 %.

In 2016, the company incurred financial cost of THB 710 million, a decrease by 13%. The corporate income tax burden amounts to THB 371 million. After deduction of THB 14 million, minority interests, the company's net profit increased by 66% from the previous year, from THB 862 million to THB 1,426 million in 2016.

**Table 2 : Consolidated Profit and Loss in the past 3 years**

Income Statement Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Sales and Services	16,911	17,475	-3%	19,185
Cost of Sales and Service	(13,279)	(13,783)	-4%	(14,358)
Gross Profit from Sales & Services	3,632	3,692	-2%	4,827
Other Incomes	1,422	523	172%	447
Gross Profit from other Income	5,055	4,216	20%	5,274
Selling Expense	(542)	(618)	-12%	(623)
Administration Expense	(758)	(659)	15%	(727)
Management Remuneration	(141)	(140)	1%	(193)
Proceeds to Fund	(1,150)	(1,157)	-1%	(992)
Total cost	(2,591)	(2,575)	1%	(2,534)
EBIT	2,464	1,641	50%	(2,740)
Financial cost	(710)	(817)	-13%	(834)
Share of Profit of Associated Company	57	55		(11)
Corporate Income Tax	(371)	(39)	848%	(109)
Minority and others	(14)	22		(159)
Net Profit	1,426	862	66%	1,626
EPS	0.32	0.21	50%	0.48
Gross Margin from Sales & Service	21.5%	21.1%		25.2%
Net Profit Margin	8.4%	4.9%		8.5%

Note : The income statement of 2015 and 2016 recorded TSTE Group as associates. The income statement of 2014 recorded TSTE Group as subsidiaries. Regarding EPS, for comparison purpose, the share volumes in 2014 were calculated by using par at 0.5 THB per share.

With reference to the company's revenue structure, the total revenues from operations were THB 16,911 million. The company had revenues from sales of sugar and molasses amounted to THB 13,564 million, accounting for 82% of the total revenue. Revenues from sales of ethanol and gasoline totaled THB 2,023 million, representing 12% of the total revenue. Electricity sales, which the corporate power generation facilities had distributed to Grid (EGAT & PEA), amounted to THB 808 million, accounting for 5% of the total revenue. Revenues from sales of fertilizer totaled THB 5 million. Revenues from service amounted to THB 167 million, and other revenues amounted to THB 13 million. The rest of the revenues were generated from trading amounted to THB 331 million.

**Table 3 : Consolidated Revenue Structure in the past 3 years**

Revenue Structure (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Sales and Services				
Sugar Sales	13,084	79% 12,933	76% 1%	13,154
Molasse Sales	326	2% 330	2% -1%	190
Other Income from sugar & molasses	154	1% 113	1% 36%	136
Electricity Sale	808	5% 1,011	6% -20%	1,141
Ethanol and Benzene Sale	2,023	12% 2,510	15% -19%	2,391
Fertilizer Sale	5	0% 17	0% -70%	28
Wheat Flour, Palm oil and Sacks	0	0% 0	0%	1,161
Service	167	1% 156	1% 7%	466
Other	13	0% 18	0% -27%	16
Total	16,580	100% 17,090	100% -3%	18,683
Trading Activities				
Sales of Fuels	186	56% 298	77% -38%	377
Sales of Fertilizer	118	36% 64	17% 84%	73
Seales of Supplies	26	8% 23	6% 13%	53
Total	331	100% 386	100% 14%	502

Note : The revenue structure of 2015 and 2016 recorded TSTE Group as associates. The revenue structure of 2014 recorded TSTE Group as subsidiaries.

#### 4. Statement of Financial Position of the Company and its Subsidiaries

**Table 4 : A Summary of the Consolidated Statement of Financial Position in the past 3 years**

Statement of Financial Position Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Cash & Short Term Investment	85	175	-51%	168
Trade and Other receivables	1,407	2,119	-34%	1,969
Short-Term Loan	1,273	1,097	16%	1,234
Inventories	2,552	3,394	-25%	3,992
Other Current Asset	85	92	-7%	94
Investment in an associate	387	357	8%	295
Other long-term investments	371	374	-1%	369
long-term loans	358	480	-25%	445
Deferred Cane Plantation Cost	407	518	-21%	543
Investment property	4,496	3,355	34%	3,141
Property, plant and equipment	26,029	24,758	5%	25,183
Other non-current asset	925	800	16%	697
<b>Total Asset</b>	<b>38,375</b>	<b>37,517</b>	<b>2%</b>	<b>38,131</b>
Current Liabilities	10,591	8,028	32%	13,649
Non-Current Liabilities	11,134	15,047	-26%	10,683
<b>Total Liabilities</b>	<b>21,724</b>	<b>23,075</b>	<b>-6%</b>	<b>24,332</b>
<b>Total Shareholder's Equity</b>	<b>16,650</b>	<b>14,442</b>	<b>15%</b>	<b>13,799</b>
D/E Ratio	1.30	1.60		1.76
IBD/E Ratio	1.13	1.47		1.55

In 2016, the company and its subsidiaries had the total assets of THB 38,375 million, 2% increased from the total assets of previous year of THB 37,517 million. Total liabilities decreased by 6% from THB 23,075 million in 2015 to THB 21,724 million in 2016 which affected total debt to equity ratio decreased from 1.60 in 2015 to 1.30 in 2016 and interest-bearing debt to equity ratio also decreased from 1.47 in 2015 to 1.13 in 2016. The accounts that changed significantly are as follow;

- (1) Trade and other receivables decreased by 34% from 2015, since the company received the revenue compensation for sugar production and the revenue compensation for the payment of the provisional sugarcane price more than final sugarcane price. As a result, the sugarcane and sugar fund had the obligation to pay the amount back to the company in total THB 652 million. In 2016, the company had received these full amount of payment.
- (2) 15% increase in Short term loans due to that the company bought back post date check from the farmer, higher than those of previous year
- (3) Inventories decreased by 25% from the reduction of goods storage in warehouses (sugar, ethanol, organic fertilizer), compared to the amount of year 2015.
- (4) 34% increase in Investment property from the appraisal in higher value of the asset.
- (6) Property, plant and equipments increased by 5%, from higher appraisal value of land and the investment in the expansion project of sugar mill and powerplant in Wangsapung, Loey.
- (7) Other non-current assets increased by 16%, from higher appraisal value of land in assets not yet used in operation. Current liabilities increased by 32% while non-current liabilities decreased by 26% due to the portion of long-term debt which will be due within 1 year in 2016 with the amount of THB 5,011 million, higher than the current portion in 2015 of THB 2,512 million.
- (8) The total liabilities decreased by 6% from THB 23,075 million to THB 21,724 million due to debt repayment. As a result, the debt to equity ratio reduced from 1.60 to 1.30 in 2016 and interest bearing debt ratio reduced from 1.47 to 1.13 in 2016.

Cash Flow Highlight (Million THB)	2016	2015 (Restate)	% Change	2014 (Restate)
Net Profit + Depre. + Non Cash	2,428	2,785	-13%	3,875
Change in Working Capital	1,585	(1,319)		(2,278)
from Operating Activities	4,012	1,466	174%	1,598
Invest in PP&E	(1,282)	(573)	124%	(2,638)
from Investing Activities	(1,320)	(552)	139%	(3,195)
from Financing Activities	(2,797)	(782)	258%	(1,708)
Change in Cash Flow	(86)	0		57
Ending Cash	82	168		256
Depreciation	1,118	1,139	-2%	1,131

## 5. Cash Flow Statement

**Table 5 : Cash Flow Statements of the Company in the past 3 years**

*Note : The cash flow statement of 2015 and 2016 recorded TSTE Group as associates. The statement of 2014 recorded TSTE Group as subsidiaries.*

In 2016, the company and its subsidiaries received cash flows from their operations before change in working capital totaled THB 2,428 million, a 13% decreased from year 2015 due to the decrease from the ethanol and power plant operations, while in 2016, the company had better control in working capital, less receivables and less inventories. As a result in 2016, the company and its subsidiaries have THB 4,012 million of cash flow from operating activities or increased by 174%.

Regarding the cash flows from investing activities, the company and its subsidiaries had cash paid in (net) totaled THB 1,320 million, of which THB 1,282 million was mainly invested in properties, plants and equipment (net) mainly from the expansion project of sugar mill and powerplant in Wangsapung, Loey.

Regarding financing activities in 2016, the company and its subsidiaries paid the net cash of THB 2,797 million, mainly from debt repayment.

Financial Ratio (Million THB)	2016	2015	% Change	2014
Short Term liquidity				
Current Ratio	0.51	0.86		0.55
Acid Test Ratio	0.26	0.42		0.25
Collection period	20	20		N/A
Days of Inventory	69	89		N/A
Capital Structure and Solvency ratio				
D/E Ratio	1.30	1.60		1.76
IBD/E Ratio	1.13	1.47		1.55
LTD to equity	0.67	1.04		0.77
Return on Investment ratios				
ROA	4%	2%		4%
ROE	9%	6%		12%
Operating performance ratios				
Gross Profit Ratio	21%	21%		25%
Operating Profits to Sales	15%	9%		14%
Pretax Profit to sales	11%	5%		10%
Net Income to Sales	8%	5%		8%
Market Measures				
Book Value per Share	3.67	3.49		3.91
Earning Per Share	0.32	0.21		0.48

## 6. Financial Ratios

**Table 6 : Financial Ratios**

According to the 2016 financial ratios, liquidity ratios that is part of Current ratio and Acid test ratio had reduced due to that the portion of long-term debt which will be due within 1 year in 2016, total amount of THB 5,011 million, caused higher current liabilities. However, the company had the plan to finance some portion of the debt by issue new debenture.

Regarding solvency ratios, it can be seen that the D/E ratio, IBD/E ratio and LTD to equity had decreased as a result of debt repayment, working capital control and higher appraisal value of assets.

In terms of profitability ratios, the gross profit margin was closed to those of previous year, while Operating Profit to sales, Pretax profit to sales, and Net Income to Sales improved, mainly from gain on fair value adjustments of investment property.



# MANAGEMENT DISCUSSION AND ANALYSIS

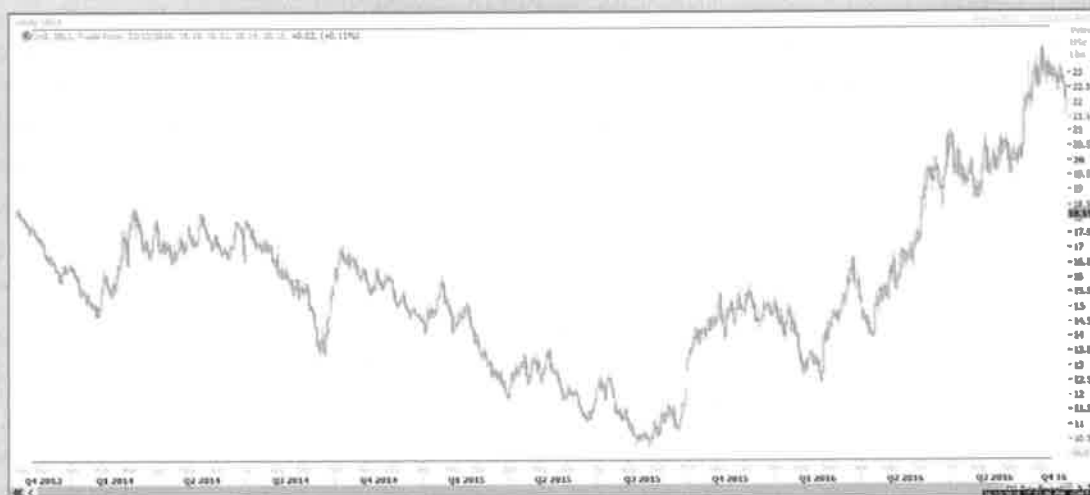
Regarding the report of our financial performance of year 2016 (November 2015 – October 2016), the Company recorded a net profit of THB 1,426 million, compared to the net profit of THB 862 million last year, representing an increase of 66%. The details were, as followings;

## **Sugar Business in Thailand recovered by the increase of world sugar price.**

In 2016, the world sugar price increased, after the price dropped to the lowest at 10.13 cents/lbs during second half of 2015 (as shown in Chart 1: World Sugar Price, cents/lbs). As a result, the average sugar selling price in 2016 increased, raw sugar export price increased by 13.7% from 10,463 THB per ton to 11,893 THB per ton, refined and white sugar export price increased by 7.6% from 13,793 THB per ton to 14,837 THB per ton. Domestic sugar price was unchanged. In overall, sugar selling price increased by 5.9%. According to production cost, due to that raw material cost related to world sugar price, following the regulated system under 70:30 revenue sharing, higher world sugar price resulted in higher raw material cost. however, in 2016, with the improvement of the Company production efficiency (COW), the average production cost had a small increase by 4%-5%.

In 2016, the sugar sale volume dropped, due to (1) the drought, the sugar cane crushed decreased by 13% from 8.7 million tons to 7.6 million tons in 2016. (2) less inventory carryover than those of previous year. The sugar sale volume dropped by 8.1% from 895,786 tons in 2015 to 823,437 tons in 2016.

Chart 1 shown the world sugar price, cents/lbs, during the period from 1 Nov to 31 Oct, for 3 years



**Sugar Business in Oversea, Less Loss compared to previous year by world sugar price recovery**

The Company recorded the improvement in overseas sugar business performance by world sugar price recovery. Different from sugar business in Thailand, the raw material costs of overseas sugar business were mostly from actual sugar cane plantation costs. These costs were not related to world sugar price (the raw material cost of sugar business in Thailand related to world sugar price, under 70:30 revenue sharing system). In 2016, the Company recorded higher sugar sale volume from 27,481 tons in 2015 to 52,404 tons in 2016. The sugar selling price increased by 23% – 26%. However, due to the drought, the sugar cane volume from our own cane plantation reduced, less than our expectation. As a result, the sugar business in overseas still got loss but less loss than previous year.

*Note : Based on Separate statements of profit and loss of Khon Kaen Sugar Industry, the Company made an assessment of impairment loss to investment in sugar business in overseas and recorded impairment loss of THB 744.53 million.*

**Ethanol business performance decreased due to lower selling price and lower sale volume**

In 2016, the Company ethanol sale volume dropped from 97.12 million litre in 2015 to 85.44 million litre in 2016, due to the drought in Kanchanaburi Area. This caused, there were not enough water to run the production for 3 months. In addition, the selling price in 2016 decreased to 23.56 THB per litre from 25.71 THB per litre in 2015 which came from the price drop in cassava, another competitive crop, used for producing ethanol. The ethanol producers based on cassava, were able to compete the price with the ethanol producers based on molasses. This ended up to lower selling ethanol price.

**Power business dropped from lower selling price and lower sale volume**

In 2016, due to one of turbine machine breakdown and the drought impact to Kanchanaburi Area, together with lower sugar cane crushed, the Company's power business had a decrease in performance. The electric sale volume to grid dropped by 8.3% from 300,292 MW-hr in 2015 to 275,456 MW-hr in 2016. The electric selling price dropped by 12.8% from 3,368 THB per MW-hr to 2,935 THB per MW-hr in 2016.

**The value increase of investment property due to higher land price appraisal.**

In 2016, due to higher government's land appraisal price and with the purpose to reflect current existing asset value, the Company had appraised the new value of the land used in operation, land not used in operation and the investment property. Regarding the investment property, the Company changed the policy recording the value of investment property in financial statement, from the valuation using cost method to the valuation using fair value method. These fair value of investment property were determined by an independent appraiser. As a result, the Company recorded the gain on fair value adjustments of investment property (after tax) of THB 910.62 million and recorded loss on impairment of assets (after tax) of THB 60.60 million. Totaling, the Company recorded net gain (after tax) at THB 850.02 million THB.

In overall 2016 performance, the Company recorded a net profit of THB 1,426 million, compared to the net profit last year at THB 862 million, representing an increase of 66%. The Company's total assets were recorded at THB 38,275 million, with total liabilities of THB 21,724 million and total shareholders' equity of THB 16,650 million. Debt to Equity Ratio (D/E) and Interest Bearing Debt to Equity Ratio represented at 1.30 and 1.13, respectively. The Company recorded net cash received from operating activities of THB 4,012 million, net cash used in investing activities of THB 1,319 million, and net cash used in financial activities (pay back) of THB 2,797 million.

# REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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The Board of Directors of Khon Kaen Sugar Industry Public Company Limited is responsible for the separated financial statement and consolidated financial statement of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards, with appropriate accounting policies applied on a conservative and consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosure and transparency of important information have been made in the notes to the financial statements. Both separated financial statement and consolidated financial statement have been audited by independent certified auditors who have given their unqualified opinions.

The Board oversees and reviews corporate governance as well as establishes and maintains a proactive risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to be responsible for reviewing separated financial statement and consolidated financial statement, including evaluating the efficiency and the competence of internal control system and internal audit.

The Audit Committee's views are reported in its report in the Company's annual report. The Board is of the opinion that the Company's internal control system and the internal audit can reasonably assure the creditability of the separated financial statement and consolidated financial statement of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries for the year ended October 31, 2016, the statement of financial position, the operating results, and cash flows accurately according to generally accepted accounting principles.



(Mr. Manu Leoparote)

Chairman ficer and President



(Mr. Chamroon Chinthammit)

Chief Executive Officer and President

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**

We have audited the consolidated financial statements of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries and the separate financial statements of Khon Kaen Sugar Industry Public Company Limited, which comprise the consolidated and separate statements of financial position as at October 31, 2016, and the related consolidated and separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries and of Khon Kaen Sugar Industry Public Company Limited as at October 31, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Emphasis of Matter**

Without modifying our opinion, as discussed in Note 4 to the financial statements, for the year ended October 31, 2016, Khon Kaen Sugar Industry Public Company Limited and its subsidiaries have changed their accounting policies for investment property and assets not used in operation for land from cost method to fair value method and have adopted Thai Financial Reporting Standards No. 10 "Consolidated Financial Statements" and Thai Financial Reporting Standards No. 13 "Fair Value Measurement" for the first time. The corresponding figures thus have been retrospectively restated to be in accordance with those new accounting policies.



Niti Jungnitnirundr

Certified Public Accountant (Thailand)

Registration No. 3809

BANGKOK

December 23, 2016

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.



# STATEMENTS OF FINANCIAL POSITION

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
As At October 31, 2016

UNIT : BAHT

	Notes	Consolidated Financial Statements			Separate Financial Statements		
			"Restated"	"Restated"		"Restated"	"Restated"
		As at	As at	As at	As at	As at	As at
		October 31,	October 31,	November 1,	October 31,	October 31,	November 1,
		2016	2015	2014	2016	2015	2014
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	5.2	82,310,755	168,021,065	168,015,601	20,856,186	42,206,281	11,219,884
Temporary investments		2,724,766	6,839,374	22,680	-	-	-
Trade and other receivables	7	1,407,276,153	2,119,293,957	1,969,276,652	980,114,240	2,395,815,409	2,437,846,553
Short-term loans	8	1,273,097,453	1,096,635,110	1,234,193,233	2,484,005,635	1,784,395,560	2,838,686,559
Inventories	9	2,551,548,641	3,393,616,627	3,992,219,482	1,298,017,899	2,192,591,140	1,722,952,795
Other current assets		84,752,393	91,550,865	94,442,391	45,495,595	46,749,922	37,298,913
Total Current Assets		5,401,710,161	6,875,956,998	7,458,170,039	4,828,489,555	6,461,758,312	7,048,004,704
NON-CURRENT ASSETS							
Investments in an associate	10	386,600,371	356,860,049	295,220,687	136,747,288	194,147,191	169,730,011
Investments in subsidiaries	11	-	-	-	5,786,096,202	6,060,380,805	6,060,380,805
Other long-term investments	12	370,795,300	373,504,062	368,761,947	370,324,775	370,324,775	356,535,873
Long-term loans	13	358,063,846	480,477,523	444,975,728	4,395,437,803	4,409,737,929	65,050,151
Deferred cane plantation costs	14	407,243,810	517,926,022	542,706,897	21,987,184	24,811,146	41,479,615
Investment property	15	4,496,183,778	3,354,562,730	3,140,506,422	1,499,684,003	1,013,557,788	867,263,945
Property, plant and equipment	16	26,029,478,729	24,757,851,146	25,182,992,604	7,937,194,075	7,453,238,364	7,642,641,174
Intangible assets		46,275,784	47,683,415	49,133,013	34,016,422	36,109,081	35,896,573
Deferred tax assets	22.2	2,830,109	9,939,697	5,748,635	-	-	-
Other non-current assets	17	875,649,203	742,293,886	642,607,804	7,597,329	6,193,878	74,732,754
Total Non-Current Assets		32,973,120,930	30,641,098,530	30,672,653,737	20,189,085,081	19,568,500,957	15,313,710,901
TOTAL ASSETS		38,374,831,091	37,517,055,528	38,130,823,776	25,017,574,636	26,030,259,269	22,361,715,605

# STATEMENTS OF FINANCIAL POSITION (Continued)

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
As At October 31, 2016

UNIT : BAHT

	Notes	Consolidated Financial Statements			Separate Financial Statements		
		"Restated"	"Restated"		"Restated"	"Restated"	
		As at	As at	As at	As at	As at	
		October 31,	October 31,	November 1,	October 31,	October 31,	
		2016	2015	2014	2016	2015	
						2014	
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Short-term borrowings from financial institutions	18	3,757,025,777	4,188,897,059	7,824,780,457	1,108,000,000	935,001,787	
Trade and other payables	19	1,711,609,813	1,168,663,324	2,130,163,951	905,766,039	695,977,401	
Current portion of long-term debentures	20	2,999,307,425	999,908,704	1,499,889,247	2,999,307,425	999,908,704	
Current portion of long-term borrowings	21	2,011,633,330	1,511,593,330	2,038,294,420	1,205,833,330	705,833,330	
Short-term borrowings		6,900,000	6,100,000	3,200,000	482,900,000	1,265,100,000	
Current income tax payable		25,325,610	59,596,131	36,133,604	-	-	
Other current liabilities		78,797,513	93,307,260	116,730,358	12,846,457	22,642,763	
Total Current Liabilities		10,590,599,468	8,028,065,808	13,649,192,037	6,714,653,251	4,624,463,985	
NON-CURRENT LIABILITIES							
Long-term debentures	20	6,993,762,810	9,989,250,923	5,992,852,842	6,993,762,810	9,989,250,923	
Long-term borrowings	21	3,055,833,330	4,517,466,660	4,000,166,140	2,203,833,330	2,859,666,660	
Deferred tax liabilities	22.3	739,563,386	247,190,427	393,060,588	148,274,515	64,697,497	
Employee benefit obligations	23	261,286,846	217,435,891	213,195,388	107,426,505	91,774,405	
Other non-current liabilities		83,354,128	75,332,319	83,667,563	29,186,820	27,577,630	
Total Non-Current Liabilities		11,133,800,500	15,046,676,220	10,682,942,521	9,482,483,980	13,032,967,115	
TOTAL LIABILITIES		21,724,399,968	23,074,742,028	24,332,134,558	16,197,137,231	17,657,431,100	

# STATEMENTS OF FINANCIAL POSITION (Continued)

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries

As At October 31, 2016

UNIT : BAHT

	Notes	Consolidated Financial Statements			Separate Financial Statements		
		"Restated"	"Restated"		"Restated"	"Restated"	
		As at	As at	As at	As at	As at	
		October 31,	October 31,	November 1,	October 31,	October 31,	
		2016	2015	2014	2016	2015	
						November 1,	
						2014	
LIABILITIES AND SHAREHOLDERS' EQUITY							
(CONTINUED)							
SHAREHOLDERS' EQUITY							
SHARE CAPITAL	24						
Authorized share capital							
4,410,243,648 ordinary shares							
of Baht 0.50 each		2,205,121,824			2,205,121,824		
4,009,312,522 ordinary shares							
of Baht 0.50 each			2,004,656,261			2,004,656,261	
1,870,000,000 ordinary shares							
of Baht 1.00 each				1,870,000,000		1,870,000,000	
Issued and paid-up share capital							
4,410,243,648 ordinary shares							
of Baht 0.50 each, fully paid		2,205,121,824			2,205,121,824		
4,009,312,407 ordinary shares							
of Baht 0.50 each, fully paid			2,004,656,204			2,004,656,204	
1,704,646,884 ordinary shares							
of Baht 1.00 each, fully paid				1,704,646,884		1,704,646,884	
SHARE PREMIUM ACCOUNT							
- ORDINARY SHARES		2,946,439,199	2,946,439,199	2,946,439,199	2,946,439,199	2,946,439,199	
RETAINED EARNINGS							
Appropriated							
Legal reserve		220,512,200	200,466,000	187,000,000	220,512,200	200,466,000	
Reserve for treasury stocks		-	-	433,153,677	-	-	
Unappropriated		9,004,704,252	7,973,535,203	7,612,548,136	2,668,930,899	2,848,046,491	
OTHER COMPONENTS OF EQUITY		1,789,332,672	866,269,876	878,656,247	779,433,283	373,220,275	
		16,166,110,147	13,991,366,482	13,762,444,143	8,820,437,405	8,372,828,169	
Less Treasury stocks (34,100,000 shares)		-	-	(433,153,677)	-	-	
TOTAL EQUITY ATTRIBUTABLE							
TO OWNERS OF THE PARENT		16,166,110,147	13,991,366,482	13,329,290,466	8,820,437,405	8,372,828,169	
NON-CONTROLLING INTERESTS		484,320,976	450,947,018	469,398,752	-	-	
TOTAL SHAREHOLDERS' EQUITY		16,650,431,123	14,442,313,500	13,798,689,218	8,820,437,405	8,372,828,169	
TOTAL LIABILITIES AND							
SHAREHOLDERS' EQUITY		38,374,831,091	37,517,055,528	38,130,823,776	25,017,574,636	26,030,259,269	
						22,361,715,605	

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF INCOME

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
For The Year Ended October 31, 2016

UNIT : BAHT

	Notes	Consolidated		Separate	
		Financial Statements		Financial Statements	
		"Restated"		"Restated"	
		2016	2015	2016	2015
Revenues from sales and revenues from services					
Revenues from the sales of goods		16,744,461,945	17,318,905,964	9,721,413,840	8,196,284,839
Revenues from the rendering of services		166,710,882	156,420,296	142,929,351	138,806,824
Total Revenues		16,911,172,827	17,475,326,260	9,864,343,191	8,335,091,663
Costs of the sales of goods and the rendering of services					
Cost of the sales of goods		(13,143,499,906)	(13,669,508,998)	(8,277,323,350)	(7,416,435,919)
Cost of the rendering of services		(135,214,452)	(113,329,689)	(83,564,185)	(68,437,964)
Total Costs		(13,278,714,358)	(13,782,838,687)	(8,360,887,535)	(7,484,873,883)
Gross profit		3,632,458,469	3,692,487,573	1,503,455,656	850,217,780
Gain on sales of assets		21,260,048	1,168,754	91,086,897	7,220,300
Gain on fair value adjustments of investment property		1,138,275,998	19,834,077	486,106,848	17,557,721
Gain (Losses) on exchange rate		37,226,250	(138,707,366)	(7,826,894)	(76,746,090)
Other incomes		301,103,361	640,848,879	640,414,395	1,573,663,267
Selling expenses		(1,691,459,467)	(1,775,333,336)	(811,426,011)	(689,158,910)
Administrative expenses		(757,925,496)	(659,158,324)	(319,814,677)	(291,217,722)
Management benefit expenses	26	(141,312,434)	(140,227,076)	(48,566,150)	(52,506,029)
Loss on impairment of investments		-	-	(744,534,596)	-
Loss on impairment of assets		(75,747,704)	-	(16,782,135)	-
Finance costs		(709,982,998)	(817,054,491)	(551,698,388)	(559,106,232)
Share of profit of investments in associates		56,881,078	55,114,675	-	-
Profit before income tax (expenses) income		1,810,777,105	878,973,365	220,414,945	779,924,085
Income tax (expenses) income	22.1	(370,517,011)	(39,096,364)	13,873,224	58,552,363
NET PROFIT FOR THE YEAR		1,440,260,094	839,877,001	234,288,169	838,476,448
PROFIT ATTRIBUTABLE TO:					
Owners of the parent		1,426,152,258	861,680,298	234,288,169	838,476,448
Non-controlling interest		14,107,836	(21,803,297)	-	-
		1,440,260,094	839,877,001	234,288,169	838,476,448
EARNINGS PER SHARE	29				
Basic earnings per share	BAHT	0.323	0.215	0.053	0.209
Basic number of ordinary shares	SHARES	4,410,243,648	4,009,312,522	4,410,243,648	4,009,312,522

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF COMPREHENSIVE INCOME

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
For The Year Ended October 31, 2016

UNIT : BAHT

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	"Restated"		"Restated"	
	2016	2015	2016	2015
Net profit for the year	1,440,260,094	839,877,001	234,288,169	838,476,448
Other comprehensive income (expense):				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating financial statements	(23,408,245)	79,343,440	-	-
	(23,408,245)	79,343,440	-	-
Items that will not be reclassified subsequently to profit or loss:				
Gain on revaluation of assets	1,059,868,715	18,010,944	452,466,717	16,073,080
Actuarial losses	(44,304,844)	(10,517,060)	(16,412,041)	(6,927,609)
	1,015,563,871	7,493,884	436,054,676	9,145,471
Total other comprehensive income (expense)	992,155,626	86,837,324	436,054,676	9,145,471
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,432,415,720</b>	<b>926,714,325</b>	<b>670,342,845</b>	<b>847,621,919</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>				
Owners of the parent	2,397,477,274	933,075,881	670,342,845	847,621,919
Non-controlling interests	34,938,446	(6,361,556)	-	-
	2,432,415,720	926,714,325	670,342,845	847,621,919

Notes to the financial statements form an integral part of these statements



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries

For The Year Ended October 31, 2016

UNIT : BAHT

Notes	Changes of the period												Non controlling interests	Total shareholders' equity	
	Issued and paid-up share capital	Shares premium account Ordinary share	Reserve		Other components of equity						Treasury stocks	Total owners of the parent			
			Appropriated	Share for contingency stock	Other comprehensive income (expense)				Gain on disposal of equity of subsidiary	Gain on change in shareholding subsidiary					
					Exchange difference on monetary asset	Remeasure- ment of available- for-sale investment	Remeasure- ment of available- for-sale investment	Remeasure- ment of available- for-sale investment							
	1,704,644,884	2,946,079,119	187,000,000	433,153,677	6,995,855,388	(4,338,145)	(137,501)	1,345,271,544	284,844,132	(83,641,192)	1,944,121,954	12,882,883,215	2,089,782,641	14,882,813,256	
4.1	-	-	-	-	688,871,340	-	-	(137,594,795)	-	-	(137,594,795)	541,287,765	7,899,124	549,126,889	
4.2	-	-	-	-	1,897,134	-	-	133,728,323	-	-	133,728,323	133,728,323	6,307,523	141,383,170	
4.3	-	-	-	-	(18,894,799)	-	137,501	(134,681,519)	767,265	(27,882,632)	(141,999,485)	(179,615,161)	(1,565,519,036)	(1,745,134,977)	
	1,704,644,884	2,946,079,119	187,000,000	433,153,677	7,622,548,136	(4,338,145)	-	1,257,794,123	285,272,867	(111,493,844)	878,654,247	13,339,289,466	469,398,752	13,798,688,218	
25	(941,000,000)	-	-	(433,153,677)	34,100,000	-	-	-	-	-	433,153,677	-	-	-	
25	-	-	-	-	(270,999,865)	-	-	-	-	-	-	(270,999,865)	(12,699,178)	(283,699,043)	
25	334,109,320	-	-	-	(284,109,320)	-	-	-	-	-	-	-	-	-	
25	-	-	13,444,000	-	(13,444,000)	-	-	-	-	-	-	-	-	-	
	-	-	-	-	94,353,181	-	-	(95,858,897)	-	-	-	445,112	(445,112)	-	
	-	-	-	-	881,389,071	68,710,253	-	18,819,343	-	-	-	932,928,709	65,916,440	998,714,325	
	2,004,644,884	2,946,079,119	202,444,000	-	7,979,505,289	59,182,385	-	1,481,895,999	285,272,867	(111,493,844)	884,299,016	13,891,346,632	439,770,018	14,402,813,300	
Effects of the change in accounting policies and the adoption of new Thai Financial Reporting Standards															
- Investment property															
4.1	-	-	-	-	688,871,340	-	-	(137,594,795)	-	-	(137,594,795)	541,287,765	7,899,124	549,126,889	
4.2	-	-	-	-	1,897,134	-	-	133,728,323	-	-	133,728,323	133,728,323	6,307,523	141,383,170	
4.3	-	-	-	-	(18,894,799)	-	137,501	(134,681,519)	767,265	(27,882,632)	(141,999,485)	(179,615,161)	(1,565,519,036)	(1,745,134,977)	
Beginning balance as at November 1, 2014															
- after adjustment															
	1,704,644,884	2,946,079,119	187,000,000	433,153,677	7,622,548,136	(4,338,145)	-	1,257,794,123	285,272,867	(111,493,844)	878,654,247	13,339,289,466	469,398,752	13,798,688,218	
Changes in shareholder equity during the year															
	(941,000,000)	-	-	(433,153,677)	34,100,000	-	-	-	-	-	433,153,677	-	-	-	
- Treasury stock	-	-	-	-	(270,999,865)	-	-	-	-	-	-	(270,999,865)	(12,699,178)	(283,699,043)	
- Dividends paid	-	-	-	-	(284,109,320)	-	-	-	-	-	-	-	-	-	
- Dividends stock	-	-	-	-	(13,444,000)	-	-	-	-	-	-	(13,444,000)	-	-	
- Legal reserve	-	-	-	-	94,353,181	-	-	(95,858,897)	-	-	-	445,112	(445,112)	-	
- Transfer of gain of asset revaluation	-	-	-	-	881,389,071	68,710,253	-	18,819,343	-	-	-	932,928,709	65,916,440	998,714,325	
- Total comprehensive income (expense) for the year															
	2,004,644,884	2,946,079,119	202,444,000	-	7,979,505,289	59,182,385	-	1,481,895,999	285,272,867	(111,493,844)	884,299,016	13,891,346,632	439,770,018	14,402,813,300	
Beginning balance as at October 31, 2015															

"Parent"

For the year ended October 31, 2015

Beginning balance as at November 1, 2014

- as previously reported

Effects of the change in accounting policies and the

adoption of new Thai Financial Reporting Standards

- Investment property

- Assets not yet used in operations for sale

- Consolidated Financial Statements

Beginning balance as at November 1, 2014

- After adjustment

Changes in shareholders' equity during the year

- Treasury stock

- Dividends paid

- Dividends stock

- Legal reserve

- Transfer of gain of asset revaluation

- Total comprehensive income (expense) for the year

Ending balance as at October 31, 2015

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries

For The Year Ended October 31, 2016

UNIT : BAHT

Notes	Changes of the parent											New shareholders' equity		
	Issued and paid-up share capital	Share premium account	Reserve Earnings		Unappropriated	Other components of equity					Treasury stocks		Total owners of the parent	
			Appropriated	Reserve for treasury stocks		Other comprehensive income (expense)								
						Legal reserve	Ordinary shares	Exchange differences on translating financial statements	Cost (loss) on translating available-for-sale investments	Cost (loss) on restructuring of entities under common control				Gain (loss) on shareholding ratio in subsidiaries
	2,004,656,204	2,946,439,199	200,466,000	-	7,190,166,442	59,182,588	(156,843)	1,396,271,914	(63,641,192)	1,072,833,335	-	13,469,361,180	2,079,122,596	15,488,483,776
4.1	-	-	-	-	834,224,153	-	-	(193,722,232)	-	(190,722,232)	-	643,602,921	9,461,361	653,064,282
4.2	-	-	-	-	7,697,707	-	-	110,598,836	-	110,598,836	-	118,018,543	9,636,323	123,654,866
4.3	-	-	-	-	(18,916,999)	-	136,943	(134,651,519)	787,265	(27,857,632)	(161,690,083)	(179,616,162)	(1,641,273,362)	(1,822,889,024)
	2,004,656,204	2,946,439,199	200,466,000	-	7,973,512,200	59,182,588	-	1,811,856,999	(383,275,867)	(111,493,844)	866,289,876	-	13,991,366,482	14,442,313,500
													450,947,018	(224,298,097)
25	-	-	-	-	(222,731,609)	-	-	-	-	-	-	(222,731,609)	(1,564,188)	-
25	200,466,000	-	-	-	(200,466,000)	-	-	-	-	-	-	-	-	-
25	-	-	20,046,200	-	(20,046,200)	-	-	-	-	-	-	-	-	-
	-	-	-	-	91,375,108	-	-	(91,375,108)	-	-	(91,375,108)	-	-	-
	-	-	-	-	1,303,033,370	(18,331,989)	-	1,083,149,893	-	-	1,014,877,904	2,397,877,274	34,932,446	2,432,415,720
	2,205,121,804	2,946,439,199	220,512,200	-	9,054,704,352	40,650,599	-	2,123,691,794	(111,493,844)	1,789,332,672	-	16,166,110,147	484,330,876	16,650,441,023

For the year ended October 31, 2016

Beginning balance as at November 1, 2015

- as previously reported

Effect of the change in accounting policies and the adoption of new Thai Financial Reporting Standards

- Investment property

- Assets yet used in operation for land

- Consolidated Financial Statements

Beginning balance as at November 1, 2015

- after adjustment

Changes in shareholder equity during the year

- Dividends paid

- Dividends stock

- Legal reserve

- Transfer of gain of asset revaluation

- Total comprehensive income (expense) for the year

Ending balance as at October 31, 2016

For the year ended October 31, 2016

Beginning balance as at November 1, 2015

- as previously reported

Effects of the change in accounting policies and

the adoption of new Thai Financial Reporting Standards

- Investment property

- Assets and net used in operation for land

- Consolidated Financial Statements

Beginning balance as at November 1, 2015

- after adjustment

Changes in shareholders' equity during the year

- Dividends paid

- Dividends stock

- Legal reserve

- Transfer of gain of asset revaluation

- Total comprehensive income (expense) for the year

Ending balance as at October 31, 2016

Notes to the financial statements form an integral part of these statements

# SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Khon Koen Sugar Industry Public Company Limited And Subsidiaries

For The Year Ended October 31, 2016

UNIT : BART

Notes	Issued and paid-up share capital	Share premium account	Retained Earnings			Other components of equity			Treasury stocks	Total shareholders' equity	
			Legal reserve	Appropriated Reserve for treasury stocks	Unappropriated	Other comprehensive income (expense)		Total other components of equity			
						Ordinary shares	Reserve for treasury stocks				Gain (loss) on asset revaluation
"Restated"											
For the year ended October 31, 2015											
Beginning balance as at November 1, 2014 - as previously reported											
	1,704,646,884	2,946,439,199	187,000,000	433,153,677	2,021,950,800	517,481,506	517,481,506	(433,153,677)	7,377,518,389		
Effects of the change in accounting policies											
4.1	-	-	-	-	493,498,484	(101,316,839)	(101,316,839)	-	392,181,645		
4.2	-	-	-	-	859,691	25,646,390	25,646,390	-	26,506,081		
Beginning balance as at November 1, 2014 - after adjustment											
	1,704,646,884	2,946,439,199	187,000,000	433,153,677	2,516,308,975	441,811,057	441,811,057	(433,153,677)	7,796,206,115		
Changes in shareholders' equity during the year											
- Treasury stock	(34,100,000)	-	-	(433,153,677)	34,100,000	-	-	433,153,677	-		
- Dividends paid	-	-	-	-	(270,999,865)	-	-	-	(270,999,865)		
- Dividends stock	334,109,320	-	-	-	(334,109,320)	-	-	-	-		
- Legal reserve	-	-	13,466,000	-	(13,466,000)	-	-	-	-		
- Transfer of gain of asset revaluation	-	-	-	-	84,663,862	(84,663,862)	(84,663,862)	-	-		
- Total comprehensive income for the year	-	-	-	-	831,548,839	16,073,080	16,073,080	-	847,621,919		
Ending balance as at October 31, 2015											
	2,004,656,204	2,946,439,199	200,466,000	-	2,848,046,491	373,220,275	373,220,275	-	8,372,828,169		

# SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries

For The Year Ended October 31, 2016

UNIT : BAHT

Notes	Issued and paid-up share capital	Share premium account	Retained Earnings			Other components of equity			Treasury stocks	Total shareholders' equity
			Legal reserve	Appropriated Reserve for treasury stocks	Unappropriated	Other comprehensive income (expense)	Total other components of equity			
For the year ended October 31, 2016										
Beginning balance as at November 1, 2015 - as previously reported										
Effects of the change in accounting policies										
4.1	-	-	2,946,439,199	200,466,000	-	2,250,746,494	517,481,506	517,481,506	-	7,919,789,403
4.2	-	-	-	-	-	591,745,585	(146,830,279)	(146,830,279)	-	444,915,306
	-	-	-	-	-	5,554,412	2,569,048	2,569,048	-	8,123,460
	2,004,656,204	2,946,439,199	200,466,000	-	-	2,848,046,491	373,220,275	373,220,275	-	8,372,828,169
Beginning balance as at November 1, 2015 - after adjustment										
Changes in shareholders' equity during the year										
25	-	-	-	-	-	(222,733,609)	-	-	-	(222,733,609)
25	200,465,620	-	-	-	-	(200,465,620)	-	-	-	-
25	-	-	20,046,200	-	-	(20,046,200)	-	-	-	-
	-	-	-	-	-	46,253,709	(46,253,709)	(46,253,709)	-	-
	-	-	-	-	-	217,876,128	452,466,717	452,466,717	-	670,342,845
	2,205,121,824	2,946,439,199	220,512,200	-	-	2,668,930,899	779,433,283	779,433,283	-	8,820,437,405
Ending balance as at October 31, 2016										

Notes to the financial statements form an integral part of these statements

# STATEMENTS OF CASH FLOWS

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
For The Year Ended October 31, 2016

UNIT : BATH

	Consolidated Financial Statements		Separate Financial Statements	
		"Restated"		"Restated"
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax (expenses) income	1,810,777,105	878,973,365	220,414,945	779,924,085
Adjustments for:				
Dividend income	-	-	(7,294,130)	(1,083,235,870)
Doubtful accounts - trade and other receivables (reversal)	54,949,489	7,893,975	8,111,172	(2,053,186)
Share of gain on investments in associates	(56,881,078)	(55,114,675)	-	-
Amortization of premium on bonds	123,713	241,591	-	11,098
Employee benefit expenses	18,734,971	18,824,196	7,888,629	7,972,878
Loss on damaged cane and adjustment to decrease the cane plantation costs	28,785,818	15,453,118	-	-
Loss on obsolete goods and supplies	27,732,860	-	27,732,860	-
Loss on diminution in value of inventories (reversal)	(159,699,008)	(14,651,941)	(24,898,270)	24,897,931
Depreciation and amortization	1,118,207,447	1,139,043,809	401,528,504	391,034,363
Gain on disposal and write off of assets	(21,042,914)	(970,846)	(91,086,897)	(7,220,010)
Loss on impairment of investments in subsidiaries	-	-	744,534,596	-
Loss on impairment of assets	75,747,704	-	16,782,135	-
Gain on sale of investment in an associate	(45,223,547)	-	(10,700,000)	-
Gain on sale of other long-term investments	-	(5,346,000)	-	-
Gain on fair value adjustments of investment property	(1,138,275,998)	(19,834,077)	(486,106,848)	(17,557,721)
Unrealized loss on exchange rate	3,581,135	3,429,909	20,215,078	3,445,684
Interest expenses	706,072,390	813,472,028	547,787,780	555,523,769
Finance costs	3,910,608	3,582,463	3,910,608	3,582,463
	<u>2,427,500,695</u>	<u>2,784,996,915</u>	<u>1,378,820,162</u>	<u>656,325,484</u>
Operating assets (increase) decrease				
Trade and other receivables	701,204,966	(180,836,769)	317,053,667	(187,958,459)
Inventories	1,036,745,724	613,254,796	891,738,651	(494,536,276)
Other current assets	6,112,628	12,402,696	6,864,872	(990,276)
Deferred cane plantation costs	106,857,247	72,693,475	2,935,579	16,816,918
Other non-current assets	86,130,263	3,749,270	(1,403,451)	6,695,410
Operating liabilities increase (decrease)				
Trade and other payables	552,693,576	(822,832,312)	225,529,539	(232,712,784)
Other current liabilities	(14,960,057)	(23,423,098)	(9,796,306)	18,023,251
Employee benefit obligations	(30,057,765)	(27,655,944)	(12,751,580)	(18,507,384)
Other non-current liabilities	8,472,119	(8,335,244)	1,609,190	(10,178,997)
Cash received from (paid for) operating activities	<u>4,880,699,396</u>	<u>2,424,013,785</u>	<u>2,800,600,323</u>	<u>(247,023,113)</u>
Interest paid and finance costs	(715,519,611)	(804,057,613)	(554,720,660)	(542,646,831)
Income tax expense paid	(152,889,462)	(153,565,480)	(5,610,545)	(8,460,733)
Net cash provide by (used in) operating activities	<u>4,012,290,323</u>	<u>1,466,390,692</u>	<u>2,240,269,118</u>	<u>(798,130,677)</u>



# STATEMENTS OF CASH FLOWS (Continued)

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
For The Year Ended October 31, 2016

UNIT : BAHT

	Consolidated Financial Statements		Separate Financial Statements	
	"Restated"		"Restated"	
	2016	2015	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash payments from purchases of temporary investments	(343)	(400)	-	-
(Increase) decrease in short-term loans to related parties	-	-	(544,035,302)	950,838,115
(Increase) decrease in short-term loans to farmers and others	(156,580,156)	79,818,424	(162,172,599)	48,945,640
Cash payments for investments in subsidiaries and associates	(16,400,096)	(24,417,180)	(486,650,090)	(24,417,180)
Cash received from sales of investment in an associate	84,500,000	-	84,500,000	-
Cash payments for purchases of other long-term investments	-	(20,000,000)	-	(20,000,000)
Cash received from redemption and sales of other long-term investments	6,700,000	13,546,000	-	6,200,000
Decrease (increase) in loans for cane plantation development	21,480,370	22,434,874	(25,350,000)	(6,943,362)
Decrease (increase) in long-term loans to related parties and others	33,333,334	-	33,333,334	(4,283,237,172)
Cash received from dividends of subsidiaries and associate	4,264,399	17,892,493	275,530,000	1,125,750,858
Cash payments for purchases of property, plant and equipment	(1,660,554,129)	(581,945,974)	(472,417,769)	(216,588,984)
Cash received from sales of property, plant and equipment	378,776,367	8,529,177	59,340,202	13,989,229
Cash payments for purchase of investment property	(4,919,366)	(4,680,813)	(19,367)	-
Cash payments for purchases of assets not yet used in operation	(18,731,201)	(59,812,098)	-	-
Cash received from sales of assets not yet used in operation	8,622,497	1,195,615	-	-
Cash payments for purchases of intangible assets	(431,042)	(4,460,000)	(2,538,692)	(4,460,000)
Cash received from sales of intangible assets	93,327	-	-	-
Net cash used in investing activities	(1,319,846,039)	(551,899,882)	(1,240,480,283)	(2,409,922,856)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in short-term borrowings from financial institutions	(434,869,495)	(3,639,108,210)	170,000,000	(1,740,000,000)
Increase in short-term borrowings from related parties	800,000	2,900,000	235,800,000	758,899,984
Cash payments for accounts payables on purchases of assets	(176,953,069)	(330,693,459)	(48,371,991)	(99,444,397)
Cash received from long-term debentures	-	4,996,417,538	-	4,996,417,538
Cash payments for long-term debentures	(1,000,000,000)	(1,500,000,000)	(1,000,000,000)	(1,500,000,000)
Cash received from long-term borrowings	1,000,000,000	3,500,000,000	1,000,000,000	2,500,000,000
Cash payments for long-term borrowings	(1,961,593,330)	(3,528,204,530)	(1,155,833,330)	(1,405,833,330)
Cash payments for dividends to the shareholders of the parent	(222,733,609)	(270,999,865)	(222,733,609)	(270,999,865)
Cash payments for non-controlling interests	(1,564,488)	(12,090,178)	-	-
Net cash provided by (used in) financing activities	(2,796,913,991)	(781,778,704)	(1,021,138,930)	3,239,039,930
Exchange differences on translation of cash of foreign subsidiaries	18,759,397	(132,706,642)	-	-
Net increase (decrease) in cash and cash equivalents	(85,710,310)	5,464	(21,350,095)	30,986,397
Cash and cash equivalents at the beginning of the year	168,021,065	168,015,601	42,206,281	11,219,884
Cash and cash equivalents at the end of the year	82,310,755	168,021,065	20,856,186	42,206,281

Notes to the financial statements form an integral part of these statements

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# NOTES TO THE FINANCIAL STATEMENTS

Khon Kaen Sugar Industry Public Company Limited And Subsidiaries  
For The Year Ended October 31, 2016

## 1. GENERAL INFORMATION AND OPERATIONS OF THE COMPANY

Khon Kaen Sugar Industry Public Company Limited (the “Company”) was registered as a limited company under the Civil and Commercial Code with the registration number 1163/2519 on October 6, 1976 and was registered as a limited public company on March 18, 2004 with the registration number Bor Mor Jor 0107547000214 and was listed with the Stock Exchange of Thailand on March 7, 2005. Its registered headquarter is located at No. 503 K.S.L. Tower, 9<sup>th</sup> Floor, Sriyudahya Road, Thanon Phaya Thai Sub-District, Ratchathewi District, Bangkok, and the locations of its 5 factories (branches) are as follows :

Branch I at No. 43 Moo 10, Tambol Namphong, Amphur Namphong, Khonkaen Province

Branch II at No. 255 Moo 4, Tambol Nongyaplong, Amphur Wangsaphung, Loei Province

Branch III at No. 99 Moo 6, Tambol Lumlang, Amphur Boploy, Kanchanaburi Province

Branch IV at No. 14/1 Moo 10, Saengchooto Road, Tambol Tamaka, Amphur Tamaka, Kanchanaburi Province

Branch V at No. 24 Moo 1, Ban-Nhongbua Road, Tambol Mon-Nang, Amphur Panutnikom, Chonburi Province.

The Company’s main businesses are to manufacture and distribute sugar and molasses and trading of spare parts and supplies to its subsidiaries, subcontractors and farmers who have business with the Company and/or its subsidiaries. The subsidiaries’ main business operations are listed in Note 2.2.

The Company’s major shareholder is K.S.L. Sugar Holding Co., Ltd., a company incorporated in Thailand, which holds 32.92% of issued and paid-up shares capital.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Company and its subsidiaries in Thailand maintain their accounting records in Thai Baht and prepare their statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand.

The financial statements of the foreign subsidiaries are translated into Thai Baht for preparation of the consolidated financial statements (see Note 3.22).

- 2.1 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2014) "Presentation of Financial Statements", and the regulation of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statement B.E. 2554" dated September 28, 2011.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies.

- 2.2 These consolidated financial statements included the accounts of the Company and its subsidiaries ("the Group"). Significant transactions and balances between the Company and its subsidiaries have been eliminated except for the reassessment of control over the investees by the management of the Company which has effected to the change in the structure of the Group for the preparation of the consolidated financial statements (see Note 4.3) as follows:

Company Name	Percentage of Shareholding		Country of Incorporation	Type of Business
	As at	As at		
	October 31, 2016	October 31, 2015		
	%	%		
Subsidiaries in which the Company holds shares directly				
New Krung Thai Sugar Factory Company Limited	95.78	95.78	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Company Limited	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory Company Limited	98.61	98.61	Thailand	Manufacture and distribution of sugar and molasses
KSL Material Supplys Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of fertilizer and trading spare part of agricultural
Khon Kaen Sugar Power Plant Company Limited	100.00	100.00	Thailand	Production and distribution of electricity
KSL Green Innovation Public Company Limited (Formerly name Khon Kaen Alcohol Company Limited)	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce
KSL Agro & Trading Company Limited	100.00	100.00	Thailand	Domestic sugar trading and agricultural business operation
WSP Logistic Company Limited	100.00	-	Thailand	Service transport and shipping goods
Savannakhet Sugar Corporation	98.49	98.49	Laos	Agricultural operation, manufacture and distribution of sugar and molasses
Koh Kong Sugar Industry Co., Ltd.	80.00	80.00	Cambodia	Manufacture and distribution of sugar and molasses
Wynn In Trading Co., Ltd.	100.00	100.00	Mauritius	Trading and consultancy services
Subsidiaries in which the Company holds shares indirectly				
K.S.L. Export Trading Co., Ltd.*	79.55	79.55	Thailand	Export sugar as exporting agent
KSL Real Estate Company Limited**	91.02	91.02	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center and office building for rental
Subsidiary in which the Company holds the shares indirectly through Wynn In Trading Co., Ltd.				
Koh Kong Plantation Company Limited	80.00	80.00	Cambodia	Agricultural operation

\* The Company holds shares indirectly through New Krung Thai Sugar Factory Company Limited, Tamaka Sugar Industry Company Limited and New Kwang Soon Lee Sugar Factory Company Limited.

\*\* The Company holds shares indirectly through Tamaka Sugar Industry Company Limited

The accounting period of subsidiaries ended the same date as the Company (accounting period ended on October 31) except for 4 subsidiaries whose accounting periods ended December 31, as follows:

- New Krung Thai Sugar Factory Company Limited
- Tamaka Sugar Industry Company Limited
- New Kwang Soon Lee Sugar Factory Company Limited
- KSL. Agro & Trading Company Limited

The consolidated financial statements are prepared based on the same accounting policies for the same accounting items or similar accounting events.

Significant balances and transactions between the Company and its subsidiaries including investments in subsidiaries and subsidiaries' share capital were eliminated from the consolidated financial statements.

## 2.3 New or revised Thai Financial Reporting Standards

### 2.3.1 Adoption of new and revised Thai Financial Reporting Standards

Since November 1, 2015, the Company and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by The Federation of Accounting Professions, which are effective for the accounting period beginning on or after January 1, 2015 onwards, in the preparation and presentation of this interim financial information as follows:

#### **Thai Accounting Standards (TAS)**

TAS No. 1 (Revised 2014)	Presentation of Financial Statements
TAS No. 2 (Revised 2014)	Inventories
TAS No. 7 (Revised 2014)	Statement of Cash Flows
TAS No. 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2014)	Events after the Reporting Period
TAS No. 11 (Revised 2014)	Construction Contracts
TAS No. 12 (Revised 2014)	Income Taxes
TAS No. 16 (Revised 2014)	Property, Plant and Equipment
TAS No. 17 (Revised 2014)	Leases
TAS No. 18 (Revised 2014)	Revenue
TAS No. 19 (Revised 2014)	Employee Benefits
TAS No. 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS No. 23 (Revised 2014)	Borrowing Cost
TAS No. 24 (Revised 2014)	Related Party Disclosures
TAS No. 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2014)	Consolidated and Separate Financial Statements
TAS No. 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS No. 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economics
TAS No. 33 (Revised 2014)	Earnings per Share
TAS No. 34 (Revised 2014)	Interim Financial Reporting
TAS No. 36 (Revised 2014)	Impairment of Assets
TAS No. 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2014)	Intangible Assets
TAS No. 40 (Revised 2014)	Investment Property

**Thai Financial Reporting Standards (TFRS)**

TFRS No. 2 (Revised 2014)	Share-based Payment
TFRS No. 3 (Revised 2014)	Business Combinations
TFRS No. 4 (Revised 2014)	Insurance Contracts
TFRS No. 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS No. 6 (Revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS No. 8 (Revised 2014)	Operating Segment
TFRS No. 10	Consolidated Financial Statements
TFRS No. 11	Joint Arrangements
TFRS No. 12	Disclosure of Interests in Other Entities
TFRS No. 13	Fair Value Measurement

**Thai Accounting Standard Interpretations (TSIC)**

TSIC No. 10 (Revised 2014)	Government Assistance - No specifies Relation to Operating Activities
TSIC No. 15 (Revised 2014)	Operating Leases - Incentives
TSIC No. 25 (Revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC No. 27 (Revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC No. 29 (Revised 2014)	Disclosure : Service Concession Arrangement
TSIC No. 31 (Revised 2014)	Revenue - Exchange Items for Advertising Service
TSIC No. 32 (Revised 2014)	Intangible Assets - Website Costs

**Thai Financial Reporting Interpretations (TFRIC)**

TFRIC No. 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC No. 4 (Revised 2014)	Determining Whether an Arrangement Contains a Lease
TFRIC No. 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC No. 7 (Revised 2014)	Applying the Restatement Approach under TAS 29 (Revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC No. 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC No. 12 (Revised 2014)	Service Concession Arrangement
TFRIC No. 13 (Revised 2014)	Customer Loyalty Programmers
TFRIC No. 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 Employee Benefits
TFRIC No. 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC No. 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC No. 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC No. 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has applied the aforementioned financial reporting standards. However, the Group's management assessed and believe that the application of those financial reporting standards has no significant effects to the financial statements being presented, except TFRS 10, "Consolidated Financial Statements" and TFRS 13, "Fair Value Measurement" as disclosed in Notes 4.3 and 4.4.

In addition, the Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which was announced in the Royal Gazette and effective from November 6, 2015 onwards to replace the Conceptual Framework for Financial Reporting (Revised 2014).



### 2.3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions issued the Notifications regarding Thai Financial Reporting Standards (TFRS), which are effective for the accounting period beginning on or after January 1, 2016 onwards as follows:

#### **Thai Accounting Standards (TAS)**

TAS No. 1 (Revised 2015)	Presentation of Financial Statements
TAS No. 2 (Revised 2015)	Inventories
TAS No. 7 (Revised 2015)	Statement of Cash Flows
TAS No. 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2015)	Events after the Reporting Period
TAS No. 11 (Revised 2015)	Construction Contracts
TAS No. 12 (Revised 2015)	Income Taxes
TAS No. 16 (Revised 2015)	Property, Plant and Equipment
TAS No. 17 (Revised 2015)	Leases
TAS No. 18 (Revised 2015)	Revenue
TAS No. 19 (Revised 2015)	Employee Benefits
TAS No. 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS No. 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS No. 23 (Revised 2015)	Borrowing Costs
TAS No. 24 (Revised 2015)	Related Party Disclosures
TAS No. 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS No. 27 (Revised 2015)	Separate Financial Statements
TAS No. 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS No. 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2015)	Earnings per Share
TAS No. 34 (Revised 2015)	Interim Financial Reporting
TAS No. 36 (Revised 2015)	Impairment of Assets
TAS No. 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2015)	Intangible Assets
TAS No. 40 (Revised 2015)	Investment Property
TAS No. 41	Agriculture

#### **Thai Financial Reporting Standards (TFRS)**

TFRS No. 2 (Revised 2015)	Share-based Payment
TFRS No. 3 (Revised 2015)	Business Combinations
TFRS No. 4 (Revised 2015)	Insurance Contracts
TFRS No. 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS No. 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS No. 8 (Revised 2015)	Operating Segments
TFRS No. 10 (Revised 2015)	Consolidated Financial Statements
TFRS No. 11 (Revised 2015)	Joint Arrangements
TFRS No. 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS No. 13 (Revised 2015)	Fair Value Measurement

#### **Thai Accounting Standard Interpretations (TSIC)**

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosures : Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

**Thai Financial Reporting interpretations (TFRIC)**

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) Employee Benefits
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	The Money Remitted State

The Federation of Accounting Professions issued the Notifications regarding Thai Financial Reporting Standards (TFRS), which are effective for the accounting period beginning on or after January 1, 2017 onwards as follows:

**Thai Accounting Standards (TAS)**

TAS No. 1 (Revised 2016)	Presentation of Financial Statements
TAS No. 2 (Revised 2016)	Inventories
TAS No. 7 (Revised 2016)	Statement of Cash Flows
TAS No. 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS No. 10 (Revised 2016)	Events after the Reporting Period
TAS No. 11 (Revised 2016)	Construction Contracts
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TAS No. 16 (Revised 2016)	Property, Plant and Equipment
TAS No. 17 (Revised 2016)	Leases
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TAS No. 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
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TAS No. 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS No. 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS No. 33 (Revised 2016)	Earnings per Share
TAS No. 34 (Revised 2016)	Interim Financial Reporting
TAS No. 36 (Revised 2016)	Impairment of Assets
TAS No. 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS No. 38 (Revised 2016)	Intangible Assets
TAS No. 40 (Revised 2016)	Investment Property
TAS No. 41 (Revised 2016)	Agriculture

**Thai Financial Reporting Standards (TFRS)**

TFRS No. 2 (Revised 2016)	Share-based Payment
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TFRS No. 11 (Revised 2016)	Joint Arrangements
TFRS No. 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS No. 13 (Revised 2016)	Fair Value Measurement

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TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	The Money Remitted State

The Group's management will adopt the above TFRSs relevant to the Group in the preparation of the financial statements of the Group when they become effective. The Group's management is in the process to assess the impact of these TFRSs on the consolidated financial statements of the Company and subsidiaries and separate financial statements of the Company for the period when they are initially applied.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

Cash and cash equivalents includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits, and short-term investments which are not exceeding 3 months duration for repayment with no obligation commitment.

#### 3.2 Temporary investments

Temporary investments are fixed deposit with maturity term over 3 months up to 12 months with no obligation commitments and investments in debt securities classified as held-to-maturity, which will be matured within 1 year from the date in the statement of financial position. Such investments are stated at the amortized cost.

#### 3.3 Trade receivables, farmer receivables, and other receivables

Trade receivables, farmer receivables, and other receivables are stated at the net realizable value.

Allowance for doubtful accounts is assessed primarily on analysis of payment histories, future expectations of customer payments and the value of collateral (if any). Bad debts are written off when incurred.

#### 3.4 Inventories

Inventories are stated at the lower of cost or net realizable value, and adjusted by allowance for obsolete and diminution in value of inventories. Cost is calculated as follows:

- Goods in process and finished goods of sugar and molasses are calculated by the average production cost in each production year using the first-in, first-out method.
- Goods in process and finished goods of alcohol are calculated by actual cost using the first-in, first-out method.
- Finished goods of organic fertilizer are calculated by actual cost using the first-in, first-out method.
- Goods in process of organic fertilizer are calculated by actual cost using the specific method.
- Real estate development are calculated by using the specific method which consist of land cost, fulling cost, construction cost, utility system development cost and direct cost to acquire the products and set them to be ready for sale.
- Factory supplies are calculated using the moving average method.
- Bagasse, direct raw materials and trading finished goods are calculated using the first-in, first-out method.
- Machine maintenance supplies are calculated using the moving average method.

The common production costs incurred in the production process are not allocated to bagasse and other by-products from productions of sugar; therefore, revenues from sales of such products are presented as deduction to production costs in each production season.

### 3.5 Investments

- 3.5.1 Investments in an associate in the consolidated financial statements are recorded by the equity method and in the separate financial statements are recorded under the cost method net by the allowance for impairment. The change in the investment is recognized in the statement of income when the investment is disposed or the impairment of the investment incurred.
- 3.5.2 Investments in subsidiaries in the separate financial statements are recorded under the cost method net by the allowance for impairment. The change in the investment is recognized in the statement of income when the investment is disposed or the impairment of the investment incurred.
- 3.5.3 Investments in marketable debts and equity instruments which are recorded as securities available-for-sale are those held for an unspecified period which might be sold in need of liquidity and shown in total under of non-current assets except the management has intention to hold them less than 12 months from the statement of financial position date or the management is to sell them to increase the working capital. In the latter case, they will be classified as current asset. Normally, the management will fix the appropriate classification at the time of investing and will review the classification regularly. These investments are stated at fair values which are calculated from the latest quote of purchase price as of the reporting period and recognized the change in value in the statement of comprehensive income. When these investments are sold or impaired in value, the recognition will be made through the statement of income.
- 3.5.4 Investments in debt instruments, which are held to maturity, will be classified as short-term or long-term investments according to the remaining maturity period. They are stated at amortized cost and deducted by the allowance for impairment (if any). Premium/discount over value of debt instruments is amortized by effective interest rates method and the amortization amount will be presented in the statement of income.
- 3.5.5 General investments are non-marketable equity instruments are stated at cost less allowance for impairment (if any). Change in value of general investments is recognized in the statement of income when they are sold or impaired.



### 3.6 Deferred cane plantation costs

Deferred cane plantation costs are the accumulated costs of cane plantation consisting of purchase costs of breed canes, costs of cane harvested for cane breeding, fertiliser costs, wages and other related direct expenses which are measured at cost deducted by accumulated amortization and the allowance for impairments. The amortization is calculated using the straight-line method over the useful life of each harvest cycle approximately 3 years. For harvested canes transferred as raw material cost in production and cost of goods sold as at the harvest date, they are valued at fair value deducted by estimated expense at point of sale. The fair value of cane is considered from price which the Group expects to purchase from cane farmers in each region.

### 3.7 Investment property

Investment property consist of land, land improvement and building and warehouse leased out that is held for rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group.

Investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets replacement value or discounted cash flow projections. Valuation is performed as of the financial position date by independent professional valuers.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

### 3.8 Property, plant and equipment

Land is stated at the revalued amount less allowance for impairment (if any). The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation. Plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Revaluation is performed by independent professional appraisers, which the Company has the policy that the independent professional appraisers will be requested to perform the appraisal for the said assets at sufficient regularity to ensure that the book value of these assets does not differ materially from their fair values at the statement of financial position date. Increase from appraisal value will be recorded in the shareholders' equity under "gain on asset revaluation", and decrease from cost recorded as loss from decrease in revaluation of assets in the statement of income.

Depreciation of the plant and equipment is calculated from the cost using the straight-line method over their estimated useful lives, (except for machineries of the Company and subsidiaries which are in the business relating to the sugar and molasses manufacture and distribution) as follows:

Land improvement	5 - 61	years
Buildings and construction	2 - 58	years
Machineries and equipment	3 - 43	years
Motor vehicles and labor saving tools	4 - 20	years
Furniture and office equipment	3 - 20	years

Machineries of the Company and its subsidiaries which are in the business relating to the sugar and molasses manufacture and distribution are depreciated based on the machinery production hours, which is equivalent to approximately 5 - 50 production seasons. The production capacity of machines is estimated by the engineers of the Group.

Depreciation calculated is included in the calculation of the operating result and no depreciation is calculated for the land and construction in progress.

Interest expenses incurred from the loans obtained especially for the construction in progress project and during installation of equipment are included in the cost of the said construction in progress until it is ready for its intended usage.

### 3.9 Intangible assets

Intangible assets as follows computer software and land concession are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Amortization of computer software is calculated by the straight-line method over estimated useful lives between 3 - 10 years.

Amortization of land concession is calculated by the straight-line method within 60 years.

Impairment losses are recognized in the statement of income when incurred.

### 3.10 Assets not used in operation

Assets not used in operation are assets for business expansion in the future consist of land and equipment. Land is stated at the revalued amount less allowance for impairment (if any). The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation. Equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Revaluation is performed by independent professional appraisers, which the Company has the policy that the independent professional appraisers will be requested to perform the appraisal for the said assets at sufficient regularity to ensure that the book value of these assets does not differ materially from their fair values at the statement of financial position date. Increase from appraisal value will be recorded in the shareholders' equity under "gain on asset revaluation", and decrease from cost recorded as loss from decrease in revaluation of assets in the statement of income.

### 3.11 Impairment of assets

Impairment of assets is assessed at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the asset's recoverable amount will be estimated. When the carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognized in the statements of income (an asset's recoverable amount is the higher of net selling price or value in use of the assets).

### 3.12 Debentures

Debentures are initially recorded at cost by calculating from the fair value of the money received, which comprised of the fund received net by the direct costs from the issuances of debentures such as the management fee, debenture holder's representatives trustee appointment fee and the fee for financial advisor for debenture issuances. Such costs are amortized as expenses using the straight-line method, which is not significantly differ from the effective rate method. The said expenses would be recorded over various periods throughout the periods of debentures according to each period's outstanding value of debentures. Interest bearing liabilities are presented at cost and expenses related to the occurrence of liabilities are recorded as expenses for the year.

### 3.13 Provisions

The Company and its subsidiaries will record provisions when it is highly certain that obligations will occur at present legally or reliable estimate as a result of past events. These obligations are expected to cause an outflow of resources embodying economics benefits resulting to settle such obligations and these amounts to be paid can be estimated reliably. If there is expectation to recover payment toward estimated liabilities certainly by all or part, the returned payment will be recognized as separate asset but its amount must not be more than related estimated liabilities and the expense related to liability estimates is shown in the statement of income at amount net by recognized amount of expense to be recovered.

### 3.14 Employee benefits

#### 3.14.1 Provident fund

The Company and its subsidiaries have a provident fund for those employees who have indicated their willingness to join. The contributions from the employees are deducted from their monthly salaries, with the Company matching the individuals' contributions. The provident fund is managed by a financial institution which is authorized by the Government in accordance with the Provident Fund Act B.E. 2530.

The contribution for employee provident fund is recorded as expenses when incurred.

### 3.14.2 Post-employment benefits

The Company and its subsidiaries operate post-employment benefits under the Thai Labor Protection Act and the Company and its subsidiaries' retirement rules. Such employee benefit obligations are calculated based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of services and other factors. Discount rate used in calculation of the post-employment benefit obligations is referred from the yield curve of government bond. Actuarial gains (losses) are recognized in other comprehensive income in the period when they incur. Expenses related to employee benefits are recognized in the statement of income in order to allocate such costs throughout the service period.

### 3.15 Share premium account on ordinary shares

Share premium account on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve ("Share premium account on ordinary shares"). This share premium account on ordinary shares cannot be paid out as dividend.

### 3.16 Other components of equity

3.16.1 Losses on internal restructure of entities under common control is the difference between net carrying value of investment received and purchase cost of investment occurred from internal restructure of entities under common control. This investment was a merger of entities with the same former shareholders and management and the said difference is shown as a separate item in the statement of financial position under shareholders' equity and it is written off when the investment is disposed.

3.16.2 Losses on change in shareholding ratio in subsidiaries is the difference between the investment for changed proportion in subsidiaries and book value of the subsidiaries resulted from change in proportion of investment in that subsidiaries. This difference is shown as a separate item in the statement of financial position under the shareholders' equity and it is written off when the investment is disposed.

### 3.17 Non-controlling interests

Non-controlling interests mean the book value of the net assets of the subsidiaries in according to the shareholding ratio of the non-controlling interests or the participating portion which does not belong to the shareholders of the parent. The non-controlling interests are presented in a separate caption under the shareholders' equity in the consolidated statement of financial position and profit (loss) of the non-controlling interests are presented in a separate caption of the consolidated statement of income.

### 3.18 Revenue recognition

The recognized revenue excludes value added taxes and other sales taxes. Revenue is presented net off discounts. The policies are as follows:

- 3.18.1 Revenues from sales are recognized when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or render of services or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.
- 3.18.2 Revenues from services, which the lengths of the services are short-term, are recognized when services are rendered.
- 3.18.3 Revenues from rental are recognized over the term of the lease.
- 3.18.4 Revenues from sale of land are recognized when the land ownership has already been transferred to the purchaser.
- 3.18.5 Revenues from sales of houses together with land are recognized in accordance with installments due for payment under gross margin method. If the payment of installments due is more than the percentage of work completed, it would be restrictively recognized only that amount pursuant to the work already completed. Revenue will be ceased to recognize immediately if purchaser becomes overdue by more than three consecutive installments.

The amount of money received by installments which exceeding the percentage of the work completed will be recorded as advance received from purchaser and is presented as other liabilities in the statement of financial position.

- 3.18.6 Revenues from sale of electricity and steam are recognized when the products steam are delivered and the customers have accepted the deliveries.
- 3.18.7 Interest income and discount receivable from discounting notes receivable are recognized according to the related period.
- 3.18.8 Dividend income is recognized when entitled to receive such dividend.
- 3.18.9 Other incomes are recognized on an accrual basis.

### 3.19 Expense recognition

The policies relating to expenses are as follows:

- 3.19.1 In case of cost of sales for house together with land, all estimated development costs of properties are allocated based on actual costs to house and land sold according to saleable areas. Cost of sales is recognized in the statement of income according to proportion of revenue recognition.
- 3.19.2 Other expenses are recognized on an accrual basis.

### 3.20 Leases

#### Operating lease

Lease in which substantially the risks and ownership of assets remain with the lessor is accounted for as operating lease. Rental applicable to such operating leases are charged to the statement of income using the straight-line method over the lease period.

#### Finance lease

Lease for equipment which substantially transfer all the risks and rewards of ownership to the lessee is classified as finance lease. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased equipment or the present value of the minimum lease payments. The related interest is recognized by effective interest rate method over the term of contracts and charged to the statement of income. The equipment acquired under finance leasing contracts is depreciated over the estimated useful lives of the equipment using the straight-line method.

### 3.21 Finance costs

Finance costs such as interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### 3.22 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities in foreign currencies outstanding at the statement of financial position date are translated into Baht at the exchange rates ruling on that date. Exchange gains or losses either realized or unrealized are included as incomes or expenses in the statement of income for the year.

The financial statements of overseas subsidiaries are translated to Thai Baht in preparation of the consolidated financial statements as follows:

- a. Assets and liabilities are translated to Thai Baht at the foreign exchange rates ruling at statement of financial position date.
- b. Shareholders' equity is translated to Thai Baht at the foreign exchange rates on the transaction date.
- c. Revenues and expenses are translated to Thai Baht at average foreign exchange rates for the year.

Gain (loss) on translation of the financial statements prepared in foreign currencies are presented under shareholders' equity.



### 3.23 Related parties

Related parties with the Company and its subsidiaries represent individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the common control with the Company and its subsidiaries. Furthermore, the related parties also represent the associates and the parties who hold the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or employees of the Company and its subsidiaries who have power to plan and control the operations of the Company and its subsidiaries, including the close family members who can persuade or have power to persuade to act in compliance with said persons and businesses that said persons who have control power or significant influence, either directly or indirectly.

### 3.24 Income tax expense

Income tax expenses represents the sum of the current tax and deferred tax.

#### 3.24.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

#### 3.24.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). The Company and its subsidiaries recognize deferred tax liabilities for all temporary differences, and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amounts of deferred tax assets are reviewed at each statement of financial position date. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Company and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered.

The Company and its subsidiaries measures deferred tax assets and deferred tax liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

In the consolidated financial statements, deferred tax assets and deferred tax liabilities are recognized by each company in the Group, and deferred tax asset of one company in the Group is offset against deferred tax liability of another company in the Group if, and only if, the companies concerned have a legally enforceable right to make or receive a single net payment and the companies intend to make or receive such a net payment or to recover the asset and settle the liability simultaneously.

### 3.25 Earnings per share

The calculations of basic earnings per share were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year net of treasury stocks. The calculations of diluted earnings per share (if any) were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

### 3.26 Sectorial business operations

Sectorial business operations are disclosed under the separate business segments of the Group. By the business segment that sources products or provides services which have different risks and return from the risks and return of the products or services provide by other business segments.

### 3.27 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, investments and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

Derivatives are invested by the Group for hedging the risk from the fluctuation of exchange rates or prices of goods by determining the future exchange rates or prices of goods relating to assets or liabilities will be derived or paid. Gain or loss on the investment in derivatives is recorded in the statement of income when the contracts are settled or contractual terms are expired.

### 3.28 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company and its subsidiaries take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.29 Use of accounting estimates

The preparation of consolidated and separate financial statements in conformity with Thai Financial Reporting Standards also requires the Company's and its subsidiaries' management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

## 4. THE CHANGES IN ACCOUNTING POLICIES AND THE ADOPTIONS OF NEW FINANCIAL REPORTING STANDARDS

The Company and its subsidiaries have changed their accounting policies and adopted new Thai Financial Reporting Standards issued by the Federation Accounting Professions in the preparation and presentation of these financial statements as follows:

### 4.1 The change in accounting policy of "Investment Property"

For the year ended October 31, 2016, the management of the Company and subsidiaries changed the accounting policy of investment property from valuation using the cost method to fair value which is measured by independent professional appraiser as disclosure in Note 3.7 because the Group's management considered that the valuation using the cost method does not reflect the current existing value of assets. The Company and subsidiaries' consolidated financial statements and the Company's financial statements for the year ended October 31, 2015, and the Company and subsidiaries' consolidated statement of financial position and the Company's statement of financial position as at November 1, 2014, presented herein for comparison, have been retrospectively adjusted for the effects of such change in accordance with the new accounting policy.

Cumulative effects of the change in the accounting policy to the corresponding figures are summarized as follows:

		Consolidated		Unit : Thousand Baht	
		Financial Statements		Separate	
		As at	As at	As at	As at
		October 31,	November 1,	October 31,	November 1,
		2015	2014	2015	2014
<b>Statements of financial position</b>					
Investment in an associate	Increased	11,305	11,305	-	-
Investment property	Increased	725,912	645,357	508,144	457,508
Deferred tax assets	(Decreased)/Increased	(4,510)	1,571	-	-
Deferred tax liabilities	Increased	79,642	89,107	63,228	65,326
Retained earnings - unappropriated	Increased	834,326	698,892	591,746	493,499
Other components of equity	Decreased	(190,722)	(137,595)	(146,830)	(101,317)
Non-controlling interests	Increased	9,461	7,829	-	-

		Consolidated	Unit : Thousand Baht
		Financial Statements	Separate
		For the year ended	Financial Statements
		For the year ended	October 31, 2015
Statements of comprehensive income			
Cost of rendering of services	Decreased	(27,591)	-
Gain on Assets Disposal	Increased	1,069	7,220
Gain from fair value adjustments			
on investment property	Increased	19,834	17,558
Other income	Decreased	(1,069)	(7,220)
Administrative	Decreased	(4,232)	(4,232)
Income tax expense	Increased	4,039	3,512
Net profit for the year	Increased	47,618	18,278
Profit attributable to:			
Owners of the parent	Increased	46,213	18,278
Non-controlling interest	Increased	1,405	-
Basic earnings attributable to owners of			
the parent per share (Baht per share)	Increased	0.012	0.005

#### 4.2 The change in accounting policy of “Assets not used in operation for land”

For the year ended October 31, 2016, the management of the Company and subsidiaries changed the accounting policy of assets not used in operation for land which was included in other non-current assets from valuation using the cost method to revalued method which is measured by independent professional appraiser as disclosure in Note 3.10 because the Group’s management considered that the valuation using the cost method does not reflect the current existing value of assets. The Company and subsidiaries’ consolidated financial statements and the Company separate financial statements for the year ended October 31, 2015, and the Company and subsidiaries’ consolidated statement of financial position and the Company’s separate statement of financial position as at November 1, 2014, have been retrospectively adjusted for the effects of such change in accordance with the new accounting policy.

Cumulative effects of the change in the accounting policy to the corresponding figures are summarized as follows:

		Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
		As at October 31, 2015	As at November 1, 2014	As at October 31, 2015	As at November 1, 2014
<b>Statements of financial position</b>					
Property, plant and equipment	(Decreased)/Increased	(5,432)	-	3,211	-
Deferred tax assets	Decreased	(3,053)	(1,571)	-	-
Other non-current assets	Increased	152,914	177,354	-	33,133
Deferred tax liabilities	Increased/(Decreased)	20,774	33,899	(4,912)	6,627
Retained earnings - unappropriated	Increased	7,060	1,847	5,554	860
Other components of equity	Increased	110,959	133,729	2,569	25,646
Non-controlling interests	Increased	5,636	6,308	-	-

		Consolidated Financial Statements For the year ended	Unit : Thousand Baht Separate Financial Statements For the year ended
		October 31, 2015	October 31, 2015
Statements of comprehensive income			
Gain on Assets Disposal	Increased	100	-
Income tax expense	Increased	20	-
Net profit for the year	Increased	80	-
Profit attributable to:			
Owners of the parent	Decreased	80	-
Non-controlling interest	Increased	-	-
Basic earnings attributable to owners of the parent per share (Baht per share)			
	Decreased	-	-

#### 4.3 The adoption of TFRS 10, "The Consolidated Financial Statements" commencing on November 1, 2015 onwards

TFRS 10 has defined the elements of control principle including the requirements on how to apply the control principle to be basis in considering whether the investor controls an investee. The Company controls an investee if the Company has power over the investee in which the rights that give the Company's current ability to direct the relevant activities that significantly affect the investee's returns, and has exposure or rights to variable returns from its involvement with the investee. The significant requirements of this TFRS require the Group's management to exercise their significant judgment in reassessment whether the Company controls investee and therefore which investee shall be consolidated.

The Company previously consolidated Thai Sugar Terminal Public Company Limited and its subsidiaries comprising T S G Assets Co., Ltd., T S Oil Industry Co., Ltd., T S Flour Mill Public Company Limited, T S Warehouse Co., Ltd. and T S Transport and Logistic Co., Ltd. ("TSTE Group") because the Company and TSTE Group had mutual certain key management personnel. However, the Company's management have reassessed the principle of control in accordance with TFRS mentioned above, and believe that having mutual key management personnel has not caused the Company to have control but only have significant influence over TSTE Group since the date of the Company has become involved with TSTE Group. Consequently, TSTE Group is classified as associate which is no longer consolidated in preparation of the Company's consolidated financial statements. The Company accounted for its investments in TSTE Group using equity method in its consolidated financial statements as if it has been practiced in accordance with this IFRS since the date of the Company has become involved with TSTE Group. The Company retrospectively adjusted the effects to the annual period immediately preceding the date of initial application as required by such TFRS.

The effects on the comparative information from retrospective adjustments from the changes in accounting policies as Notes 4.1 and 4.2 and the adoption of new financial reporting standard as Note 4.3 are summarized as follows:

Unit : Thousand Baht

	Consolidated Financial Statements					
	As at October 31, 2015			As at November 1, 2014		
	Before adjustment	Adjustment	After Adjustment	Before adjustment	Adjustment	After adjustment
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	287,479	(119,458)	168,021	255,985	(87,969)	168,016
Trade and other receivables	2,365,663	(246,369)	2,119,294	2,182,175	(212,898)	1,969,277
Inventories	4,108,923	(715,306)	3,393,617	4,348,341	(356,122)	3,992,219
Other current assets	237,438	(145,888)	91,550	217,335	(122,893)	94,442
Other	1,103,475	-	1,103,475	1,234,216	-	1,234,216
<b>Total current assets</b>	<b>8,102,978</b>	<b>(1,227,021)</b>	<b>6,875,957</b>	<b>8,238,052</b>	<b>(779,882)</b>	<b>7,458,170</b>
<b>Non-current assets</b>						
Investment in associates	38,658	318,202	356,860	25,664	269,557	295,221
Other long-term investments	375,716	(2,212)	373,504	373,379	(4,618)	368,761
Investment property	3,026,197	328,366	3,354,563	2,897,976	242,530	3,140,506
Property, plant and equipment	26,975,972	(2,218,121)	24,757,851	27,087,550	(1,904,557)	25,182,993
Intangible assets	49,256	(1,573)	47,683	51,169	(2,036)	49,133
Deferred tax assets	17,502	(7,562)	9,940	5,749	-	5,749
Other non-current assets	591,464	150,830	742,294	466,482	176,126	642,608
Other	998,404	-	998,404	987,683	-	987,683
<b>Total non-current assets</b>	<b>32,073,169</b>	<b>(1,432,070)</b>	<b>30,641,099</b>	<b>31,895,652</b>	<b>(1,222,998)</b>	<b>30,672,654</b>
<b>Total assets</b>	<b>40,176,147</b>	<b>(2,659,091)</b>	<b>37,517,056</b>	<b>40,133,704</b>	<b>(2,002,880)</b>	<b>38,130,824</b>



Unit : Thousand Baht

## Consolidated Financial Statements (Continued)

	As at October 31, 2015			As at November 1, 2014		
	Before adjustment	Adjustment	After Adjustment	Before adjustment	Adjustment	After adjustment
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term borrowings from						
financial institutions	4,789,743	(600,846)	4,188,897	8,043,273	(218,492)	7,824,781
Trade and other payables	1,472,786	(304,123)	1,168,663	2,380,251	(250,087)	2,130,164
Current portion of long-term debentures	999,909	-	999,909	1,499,889	-	1,499,889
Current portion of long-term borrowings	1,693,253	(181,660)	1,511,593	2,207,754	(169,460)	2,038,294
Short-term borrowings	6,100	-	6,100	3,200	-	3,200
Current income tax payable	68,276	(8,680)	59,596	50,360	(14,226)	36,134
Other current liabilities	125,849	(32,541)	93,308	137,528	(20,798)	116,730
<b>Total current liabilities</b>	<b>9,155,916</b>	<b>(1,127,850)</b>	<b>8,028,066</b>	<b>14,322,255</b>	<b>(673,063)</b>	<b>13,649,192</b>
<b>Non-current liabilities</b>						
Long-term debentures	9,989,251	-	9,989,251	5,992,853	-	5,992,853
Long-term borrowings	4,946,390	(428,923)	4,517,467	4,277,014	(276,848)	4,000,166
Deferred tax liabilities	263,830	(16,640)	247,190	372,425	20,636	393,061
Employee benefit obligations	236,553	(19,117)	217,436	228,100	(14,905)	213,195
Other non-current liabilities	95,724	(20,392)	75,332	108,241	(24,573)	83,668
<b>Total non-current liabilities</b>	<b>15,531,748</b>	<b>(485,072)</b>	<b>15,046,676</b>	<b>10,978,633</b>	<b>(295,690)</b>	<b>10,682,943</b>
<b>Total liabilities</b>	<b>24,687,664</b>	<b>(1,612,922)</b>	<b>23,074,742</b>	<b>25,300,888</b>	<b>(968,753)</b>	<b>24,332,135</b>
<b>Shareholders' equity</b>						
Retained earnings-Unappropriated	7,150,166	823,370	7,973,536	6,929,825	682,723	7,612,548
Other components of equity	1,107,633	(241,364)	866,269	1,044,122	(165,466)	878,656
Other	5,151,562	-	5,151,562	4,838,087	-	4,838,087
<b>Total equity attributable to owners of the parent</b>	<b>13,409,361</b>	<b>582,006</b>	<b>13,991,367</b>	<b>12,812,034</b>	<b>517,257</b>	<b>13,329,291</b>
Non-controlling interests	2,079,122	(1,628,175)	450,947	2,020,782	(1,551,384)	469,398
<b>Total shareholders' equity</b>	<b>15,488,483</b>	<b>(1,046,169)</b>	<b>14,442,314</b>	<b>14,832,816</b>	<b>(1,034,127)</b>	<b>13,798,689</b>
<b>Total liabilities and shareholders' equity</b>	<b>40,176,147</b>	<b>(2,659,091)</b>	<b>37,517,056</b>	<b>40,133,704</b>	<b>(2,002,880)</b>	<b>38,130,824</b>

## Separate Financial Statements

	As at October 31, 2015			As at November 1, 2014		
	Before adjustment	Adjustment	After Adjustment	Before adjustment	Adjustment	After adjustment
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	42,206	-	42,206	11,220	-	11,220
Trade and other receivables	2,395,815	-	2,395,815	2,437,847	-	2,437,847
Inventories	2,192,591	-	2,192,591	1,722,953	-	1,722,953
Other current assets	46,750	-	46,750	37,299	-	37,299
Other	1,784,396	-	1,784,396	2,838,686	-	2,838,686
<b>Total current assets</b>	<b>6,461,758</b>	<b>-</b>	<b>6,461,758</b>	<b>7,048,005</b>	<b>-</b>	<b>7,048,005</b>
<b>Non-current assets</b>						
Investment in associates	73,800	120,347	194,147	73,800	95,930	169,730
Investments in subsidiaries	6,180,728	(120,347)	6,060,381	6,156,311	(95,930)	6,060,381
Other long-term investments	370,325	-	370,325	356,536	-	356,536
Investment property	505,414	508,144	1,013,558	409,756	457,508	867,264
Property, plant and equipment	7,450,027	3,211	7,453,238	7,642,641	-	7,642,641
Intangible assets	36,109	-	36,109	35,897	-	35,897
Other non-current assets	6,194	-	6,194	41,600	33,133	74,733
Other	4,434,549	-	4,434,549	106,529	-	106,529
<b>Total non-current assets</b>	<b>19,057,146</b>	<b>511,355</b>	<b>19,568,501</b>	<b>14,823,070</b>	<b>490,641</b>	<b>15,313,711</b>
<b>Total assets</b>	<b>25,518,904</b>	<b>511,355</b>	<b>26,030,259</b>	<b>21,871,075</b>	<b>490,641</b>	<b>22,361,716</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term borrowings from financial institutions	935,002	-	935,002	2,671,777	-	2,671,777
Trade and other payables	695,977	-	695,977	971,302	-	971,302
Current portion of long-term debentures	999,909	-	999,909	1,499,889	-	1,499,889
Current portion of long-term borrowings	705,833	-	705,833	705,833	-	705,833
Short-term borrowings	1,265,100	-	1,265,100	680,200	-	680,200
Other current liabilities	22,643	-	22,643	4,620	-	4,620
<b>Total current liabilities</b>	<b>4,624,464</b>	<b>-</b>	<b>4,624,464</b>	<b>6,533,621</b>	<b>-</b>	<b>6,533,621</b>
<b>Non-current liabilities</b>						
Long-term debentures	9,989,251	-	9,989,251	5,992,853	-	5,992,853
Long-term borrowings	2,859,667	-	2,859,667	1,765,500	-	1,765,500
Deferred tax liabilities	6,381	58,316	64,697	70,177	71,952	142,129
Employee benefit obligations	91,774	-	91,774	93,649	-	93,649
Other non-current liabilities	27,578	-	27,578	37,757	-	37,757
<b>Total non-current liabilities</b>	<b>12,974,651</b>	<b>58,316</b>	<b>13,032,967</b>	<b>7,959,936</b>	<b>71,952</b>	<b>8,031,888</b>
<b>Total liabilities</b>	<b>17,599,115</b>	<b>58,316</b>	<b>17,657,431</b>	<b>14,493,557</b>	<b>71,952</b>	<b>14,565,509</b>
<b>Shareholders' equity</b>						
Retained earnings-Unappropriated	2,250,746	597,301	2,848,047	2,021,951	494,359	2,516,310
Other components of equity	517,482	(144,262)	373,220	517,482	(75,670)	441,812
Other	5,151,561	-	5,151,561	4,838,085	-	4,838,085
<b>Total equity attributable to owners of the parent</b>	<b>7,919,789</b>	<b>453,039</b>	<b>8,372,828</b>	<b>7,377,518</b>	<b>418,689</b>	<b>7,796,207</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>7,919,789</b>	<b>453,039</b>	<b>8,372,828</b>	<b>7,377,518</b>	<b>418,689</b>	<b>7,796,207</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,518,904</b>	<b>511,355</b>	<b>26,030,259</b>	<b>21,871,075</b>	<b>490,641</b>	<b>22,361,716</b>

Unit: Thousand Baht

	Consolidated Statement of income			Separated Statement of income		
	For the year ended October 31, 2015			For the year ended October 31, 2015		
	Before Adjustment	Adjustment	After Adjustment	Before Adjustment	Adjustment	After Adjustment
Revenues from sales and revenues from rendering of services						
Revenues from sales	18,377,537	(1,058,631)	17,318,906	8,196,285	-	8,196,285
Revenues from rendering of services	488,301	(331,881)	156,420	173,983	(35,176)	138,807
Total Income	18,865,838	(1,390,512)	17,475,326	8,370,268	(35,176)	8,335,092
Costs of sales of goods and rendering of services						
Costs of sales of goods	(14,581,843)	912,334	(13,669,509)	(7,451,612)	35,176	(7,416,436)
Costs of rendering of services	(254,675)	141,345	(113,330)	(68,438)	-	(68,438)
Total Costs	(14,836,518)	1,053,679	(13,782,839)	(7,520,050)	35,176	(7,484,874)
Gross profit	4,029,320	(336,833)	3,692,487	850,218	-	850,218
Gain on disposal of assets	-	1,169	1,169	-	7,220	7,220
Gain on fair value adjustments of investment property	-	19,834	19,834	-	17,558	17,558
Gain (Loss) on exchange rate	(140,956)	2,249	(138,707)	(76,746)	-	(76,746)
Other incomes	661,151	(20,302)	640,849	1,580,883	(7,220)	1,573,663
Share of profit of investment in an associate	13,579	41,536	55,115	-	-	-
Selling expenses	(1,752,042)	(23,292)	(1,775,334)	(689,159)	-	(689,159)
Administrative expenses	(722,879)	63,721	(659,158)	(295,450)	4,232	(291,218)
Management benefit expenses	(197,197)	56,970	(140,227)	(52,506)	-	(52,506)
Finance costs	(848,766)	31,711	(817,055)	(559,106)	-	(559,106)
Profit before income tax expenses	1,042,210	(163,237)	878,973	758,134	21,790	779,924
Income tax expenses	(92,699)	53,603	(39,096)	62,064	(3,512)	58,552
Net profit for the period	949,511	(109,634)	839,877	820,198	18,278	838,476
Other comprehensive income :						
Exchange differences on translating financial statements	79,343	-	79,343	-	-	-
Gain on remeasuring available-for-sale investments	3	(3)	-	-	-	-
Gain on revaluation of assets	-	18,011	18,011	-	16,073	16,073
Actuary loss	(13,839)	3,322	(10,517)	(6,927)	-	(6,927)
Total comprehensive income for the period	1,015,018	(88,304)	926,714	813,271	34,351	847,622
Profit (loss) attributable to :						
Owners of the parent	815,387	46,293	861,680	820,198	18,278	838,476
Non-controlling interests	134,124	(155,927)	(21,803)	-	-	-
	949,511	(109,634)	839,877	820,198	18,278	838,476
Total comprehensive income (expense) attributable to :						
Owners of the parent	868,328	64,748	933,076	813,271	34,351	847,622
Non-controlling interests	146,690	(153,052)	(6,362)	-	-	-
	1,015,018	(88,304)	926,714	813,271	34,351	847,622

#### 4.4 The adoption of TFRS 13, "Fair Value Measurement" commencing on November 1, 2015 onwards

TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of TFRS 13 is broad; the fair value measurement requirements of TFRS 13 apply to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of TAS 17 (Revised 2014) "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

TFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under TFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, TFRS 13 includes extensive disclosure requirements. The Company had defines accounting policies about fair value measurements as disclosed in Note 3.28.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015 onwards. The application of TFRS 13 has not had any material effect on the amounts recognised in the financial statements except for disclosure of additional information in Notes 15, 16, 17 and 32.

## 5. ADDITIONAL CASH FLOW INFORMATION AND CASH EQUIVALENTS

### 5.1 Significant non-cash items in the consolidated and separate financial statements for the years ended October 31, are as follows:

Type of Transactions	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Transfer of depreciation to deferred cane plantation costs	30,018	33,189	112	148
Purchases of property, plant and equipment which have not yet been paid	179,651	182,253	42,562	43,598
Transfer of trade and other receivables to other non-current assets	-	19,299	-	12,082
Transfer of other current assets to inventories	62,712	-	-	-
Transfer of property, plant and equipment to investment property and assets not used in operations	5,095	210,280	-	-
Transfer of assets not used in operations as an investment property	-	43,391	-	99,889
Transfer of asset not used to property, plant and equipment	-	236	-	-
Transfer of investment property to property, plant and equipment and assets not used in operations	2,676	31,731	-	-
Transfer of equipment to intangible assets	4,398	-	-	-
Decrease in short-term borrowings from subsidiaries by offsetting against dividend received	-	-	815,000	174,000
Decrease in short-term borrowings from subsidiaries by offsetting against other receivables	-	-	203,000	-
Transfer short-term and long-term loans to trade and other receivables	-	60,000	-	-
Transfer of other non-current liabilities to other current liabilities	450	-	-	-

5.2 Cash and cash equivalents as at October 31, are as follows:

Type of Transactions	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	"Restated"		Financial Statements	
	2016	2015	2016	2015
Cash	3,214	3,215	2,070	939
Current accounts deposits	16,593	20,439	7,854	7,907
Savings accounts deposits	62,504	134,367	10,932	33,360
Fixed deposits with 3 month maturity	-	10,000	-	-
Total	<u>82,311</u>	<u>168,021</u>	<u>20,856</u>	<u>42,206</u>

6. TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiaries had transactions incurred with related parties through common shareholdings or directorship. Significant balances and transactions between the Company and its subsidiaries with related parties could be summarized as follows:

6.1 Significant balances with related parties as at October 31, are as follows:

Type of Balances	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	"Restated"		Financial Statements	
	2016	2015	2016	2015
Trade and other receivables				
Subsidiaries	-	-	275.67	204.05
Associates	1.30	0.69	1.27	0.69
Related parties	0.03	2.20	0.03	0.21
Total	<u>1.33</u>	<u>2.89</u>	<u>276.97</u>	<u>204.95</u>
Accrued dividend receivable (included in other receivables) (Note 7)				
Subsidiaries	-	-	-	1,083.24
Short-term loans (Note 8)				
Subsidiaries	-	-	2,136.23	1,588.02
Other current assets				
Subsidiaries	-	-	40.00	37.70
Related parties	0.43	1.24	0.23	0.38
Total	<u>0.43</u>	<u>1.24</u>	<u>40.23</u>	<u>38.08</u>
Long-term loans				
Subsidiaries	-	-	4,266.96	4,283.24
Other non-current assets				
Subsidiaries	-	-	0.02	-
Trade and other payables				
Subsidiaries	-	-	100.79	67.00
Associates	3.54	0.47	2.38	0.35
Related parties	2.58	0.17	0.23	0.15
Total	<u>6.12</u>	<u>0.64</u>	<u>103.40</u>	<u>67.50</u>

Type of Balances	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	"Restated" 2015	2016	"Restated" 2015
Other accrued expenses (included in other payables)				
Subsidiaries	-	-	0.49	3.66
Associates	-	0.23	-	-
Related parties	0.02	0.12	-	0.07
Total	0.02	0.35	0.49	3.73
Short-term borrowings				
Subsidiaries	-	-	476.00	1,259.00
Related parties	6.90	6.10	6.90	6.10
Total	6.90	6.10	482.90	1,265.10
Other current liabilities				
Subsidiaries	-	-	0.02	-
Related parties	0.02	0.59	0.02	0.59
Total	0.02	0.59	0.04	0.59
Other non-current liabilities - others				
Subsidiaries	-	-	0.58	0.58
Related parties	1.32	1.39	1.30	1.34
Total	1.32	1.39	1.88	1.92

As at October 31, 2016 and 2015, short-term loans to subsidiaries represented promissory notes receivable on demand, carrying interest rates at 1.90% - 3.60% per annum and 2.00% - 3.64% per annum, respectively.

As at October 31, 2016 and 2015, long-term loans to subsidiaries represented loans with maturity date within 2018 and 2020 carrying the interest rates at 2.03% - 3.73% per annum, equal for both years.

As at October 31, 2016 and 2015, short-term borrowings from related parties represented promissory notes payable on demand, carrying the interest rates at 1.90% - 3.60% per annum and 2.00% - 3.64% per annum, respectively.

On August 30, 2016, the Company purchased building and machineries with structure from a related party for Baht 54.18 million, which is the revalued amount by independent professional appraisers in accordance with the resolution of the Board of Directors Meeting No. 10/2016 on August 26, 2016.



6.2 Significant transactions with related parties for the years ended October 31, are as follows:

Type of Transactions	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements	"Restated"	Financial Statements	"Restated"
	2016	2015	2016	2015
<b>Revenues from sales and services</b>				
Subsidiaries	-	-	3,605.26	3,093.21
Related parties	3.02	27.52	1.07	26.93
<b>Total</b>	<b>3.02</b>	<b>27.52</b>	<b>3,606.33</b>	<b>3,120.14</b>
<b>Cost of sales and services</b>				
Subsidiaries	-	-	2,038.77	2,111.49
Associates	8.24	16.38	8.24	16.38
Related parties	6.41	0.46	0.74	0.46
<b>Total</b>	<b>14.65</b>	<b>16.84</b>	<b>2,047.75</b>	<b>2,128.33</b>
<b>Other income</b>				
Subsidiaries	-	-	505.78	1,227.54
Associates	7.89	18.68	6.43	18.68
Related parties	15.34	5.28	15.33	5.01
<b>Total</b>	<b>23.23</b>	<b>23.96</b>	<b>527.54</b>	<b>1,251.23</b>
<b>Selling expenses</b>				
Subsidiaries	-	-	7.74	5.89
Associates	53.81	17.74	32.56	17.74
<b>Total</b>	<b>53.81</b>	<b>17.74</b>	<b>40.30</b>	<b>23.63</b>
<b>Administrative expenses</b>				
Subsidiaries	-	-	5.52	1.65
Related parties	17.91	15.55	7.18	6.33
Related juristic person	11.57	11.40	10.19	9.95
<b>Total</b>	<b>29.48</b>	<b>26.95</b>	<b>22.89</b>	<b>17.93</b>
<b>Financial cost</b>				
Subsidiaries	-	-	13.49	19.81
Related juristic person	0.13	0.17	0.13	0.17
<b>Total</b>	<b>0.13</b>	<b>0.17</b>	<b>13.62</b>	<b>19.98</b>
<b>Management compensation</b>				
Short-term employee benefits	141.31	140.23	48.57	52.51
Post-employment benefits	5.10	5.06	2.19	2.22
<b>Total</b>	<b>146.41</b>	<b>145.29</b>	<b>50.76</b>	<b>54.73</b>

#### POLICIES OF INTER-PRICE SETTING

- The inter-purchases/sales of raw sugar transactions among the Group are based on the world market prices.
- In case of the sugar purchases/sales agreements entered into on behalf of the Group, which each company has already been allocated the sales volume, if any company within the Group has no sufficient volume of sugar to sell, the purchases of sugar can be made within the group companies at the same price as stipulated in such sugar purchases/sales agreements.
- The prices for other inter-purchases/sales of goods (except for sugar products) are in accordance with the prices stipulated in the mutually agreed contracts, which are higher than costs.
- The prices for the inter-purchases/sales of assets are in accordance with the agreed prices by counter parties, which are higher than costs.
- Revenues from sales of supplies are in accordance with the agreed prices by counter parties, which are higher than cost.
- Revenues from land leased to a subsidiary are charged according to the lease agreement which term is 30 years, commencing from January 25, 2005 until January 24, 2035 at annual rent of Baht 0.11 million, and will be increased by 10% for every 3 years. Once the lease is expired, ownership rights on all constructions built on the leased land will be vested to the lessor.
- Rental income from land structure and machines which lease terms range from 1 to 3 years are in accordance with the mutually agreed prices.
- Inter-service income, other incomes and expenses are charged according to the normal price charged to general clients.
- Fees for goods custody are charged according to the volume of the goods and the custody period at general market rates.
- Expenses paid on behalf of each other are charged at actual.

#### 6.3 Relationship of related parties other than subsidiaries and associate consisted of:

Company Name	Relationship	Connection
K.S.L. IT Center Co., Ltd.	Related party	Same group of shareholder and Mutual directors
On Nuj Construction Co., Ltd.	Related party	Same group of shareholder and Mutual directors
Raja Ceramics Co., Ltd.	Related party	Same group of shareholders
K.K. Wood Industry Co., Ltd.	Related party	Same group of shareholders
Amarco Co., Ltd.	Related party	Same group of shareholders
Thai Fermentation Industry Co., Ltd.	Related party	Same group of shareholders
KSL Tower Juristic Person office	Related Juristic Person	Shared owner of office building

All of the aforementioned related entities are incorporated in Thailand.

Prachuap Industry Co., Ltd. holds no part in management of the Company, but is a related company, where certain directors of Prachuap Industry Co., Ltd. are also directors of Thai Sugar Terminal Public Company Limited and K.S.L. Export Trading Co., Ltd., which are subsidiaries of Khon Kaen Sugar Industry Public Company Limited.

## 7. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Trade receivables	943,453	985,076	765,798	652,451
Farmer receivables	309,238	332,715	130,431	193,882
Receivables from the Office of the Cane and Sugar Fund	-	652,138	-	383,350
Other receivables	15,689	34,750	12,123	19,967
Prepaid expenses	37,652	31,318	17,232	9,128
Advance payment	16,574	21,247	4,767	5,793
Accrued dividend receivable	-	-	-	1,083,236
Accrued income	84,670	62,050	49,763	48,008
Total trade and other receivables	<u>1,407,276</u>	<u>2,119,294</u>	<u>980,114</u>	<u>2,395,815</u>

### 7.1 Trade receivables as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Related parties	2	99	266,621	196,419
Others	<u>945,255</u>	<u>986,781</u>	<u>499,177</u>	<u>456,032</u>
Total	945,257	986,880	765,798	652,451
<u>Less</u> Allowance for doubtful accounts	<u>(1,804)</u>	<u>(1,804)</u>	-	-
Total trade receivables	<u>943,453</u>	<u>985,076</u>	<u>765,798</u>	<u>652,451</u>

Aging analyzes for trade receivables as at October 31, are as follows:

#### 7.1.1 Trade receivables - related parties

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Domestic trade receivables				
Not yet due	2	99	239,955	190,623
Overdue not over 3 months	-	-	26,666	5,796
Total	<u>2</u>	<u>99</u>	<u>266,621</u>	<u>196,419</u>

The normal credit terms granted to the related parties of the Company and subsidiaries range from 7 days to 90 days.

### 7.1.2 Trade receivables - others

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	2016	2015 "Restated"	2016	2015
Business are to manufacture and distribute sugar and molasses				
Domestic trade receivables				
Not yet due	181,966	152,848	58,378	57,141
Overdue not over 3 months	59,742	64,477	21,541	31,913
Overdue over 9 months but not over 12 months	-	80	-	-
Overdue over 12 months	-	1,333	-	-
Total	241,708	218,738	79,919	89,054
Foreign trade receivables				
Not yet due	442,321	550,410	417,908	358,562
Overdue not over 3 months	1,350	8,416	1,350	8,416
Total	443,671	558,826	419,258	366,978
Total of business are to manufacture and distribute sugar and molasses	685,379	777,564	499,177	456,032
Manufacture and distribution of alcohol and electricity				
Domestic trade receivables				
Not yet due	187,547	146,896	-	-
Overdue not over 3 months	61,813	54,206	-	-
Total of business of manufacturing and distributing of alcohol and electricity	249,360	201,102	-	-
Other business				
Domestic trade receivables				
Not yet due	3,279	1,461	-	-
Overdue not over 3 months	678	48	-	-
Overdue over 12 months	6,559	6,606	-	-
Total other business	10,516	8,115	-	-
Total	945,255	986,781	499,177	456,032
Less Allowance for doubtful accounts	(1,804)	(1,804)	-	-
Total trade receivables - others	943,451	984,977	499,177	456,032

The normal credit terms granted by the customers of the Company and subsidiaries range from 5 days to 90 days.

7.2 Farmer receivables as at October 31, consisted of:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Cane receivables				
Before Season 2012/2013	45,833	48,520	6,615	6,986
Season 2012/2013	27,923	28,583	6,465	6,774
Season 2013/2014	40,946	44,257	6,844	7,120
Season 2014/2015	54,698	66,293	13,088	15,586
Season 2015/2016	79,180	-	22,345	-
Total cane receivables	<u>248,580</u>	<u>187,653</u>	<u>55,357</u>	<u>36,466</u>
Advance payment				
Season 2015/2016	-	168,934	-	163,646
Season 2016/2017	95,891	-	93,021	-
Total advance payment for purchases of cane	<u>95,891</u>	<u>168,934</u>	<u>93,021</u>	<u>163,646</u>
Receivables from fuel oil, fertilizer and other services	<u>8,607</u>	<u>12,969</u>	<u>8,418</u>	<u>12,844</u>
Total	353,078	369,556	156,796	212,956
<u>Less</u> Allowance for doubtful accounts	<u>(43,840)</u>	<u>(36,841)</u>	<u>(26,365)</u>	<u>(19,074)</u>
Total farmer receivables	<u>309,238</u>	<u>332,715</u>	<u>130,431</u>	<u>193,882</u>

Cane receivables are farmer receivables which had not yet delivered cane in according to contract, most of cane receivables are secured.

7.3 Receivable from the Office of the Cane and Sugar Fund

For the harvest season 2014/2015, harvesting year the final sugar cane price and the final compensation for the production and distribution for sugar were lower than the initial sugar cane price. In accordance with Section 56 of the Cane and Sugar Act B.E. 2527, the Cane and Sugar Fund is to pay compensation to the Company and its subsidiaries which are in the business relating to the sugar manufacture and distribution at an amount equal to the difference, and the sugar cane planters do not have to return the excessive amount of the sugar cane price received. As at October 31, 2015, the Company and its subsidiaries had compensation to be received from the office of the Cane and Sugar Fund which recorded as receivables from the office of the Cane and Sugar Fund in the consolidated and separate financial statements of Baht 652.14 million and Baht 383.35 million, respectively. In the third quarter of 2016, the Company and its subsidiaries already received the full amounts of compensation.

## 8. SHORT-TERM LOANS

Short-term loans as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Short-term loans to subsidiaries (see Note 6.1)	-	-	2,136,233	1,588,016
Short-term loans to farmers	965,448	808,869	247,908	85,736
Current portion of long-term loans to others	41,333	60,000	41,333	60,000
Current portion of loans for cane plantation development	266,316	227,766	58,532	50,643
Total short-term loans	<u>1,273,097</u>	<u>1,096,635</u>	<u>2,484,006</u>	<u>1,784,395</u>

Short-term loans to farmers represent loans in the form of discounted checks purchase for post-dated checks which the Company and its subsidiaries issued to the farmers from purchasing of sugar cane, which the farmers discounted sale to the Company and its subsidiaries with interest rates based on average lending rates of commercial banks.

## 9. INVENTORIES

Inventories as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Sugar and molasses	1,560,120	2,522,032	771,747	1,670,640
Alcohol and bio-fertilizer	182,593	318,219	-	-
Bagasse	93,279	49,888	-	-
Real estate development	62,712	17,112	-	-
Factory supplies	179,693	188,522	141,252	159,027
Machine maintenance supplies	510,827	467,485	418,881	393,951
	<u>2,589,224</u>	<u>3,563,258</u>	<u>1,331,880</u>	<u>2,223,618</u>
<u>Less</u> Allowance for obsolete inventories	(33,862)	(6,129)	(33,862)	(6,129)
Allowance for diminution in value of inventories	(3,813)	(163,512)	-	(24,898)
Total inventories	<u>2,551,549</u>	<u>3,393,617</u>	<u>1,298,018</u>	<u>2,192,591</u>

Movements of allowance for obsolete inventories for the years ended October 31, are as follows:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Beginning balance	(6,129)	(6,129)	(6,129)	(6,129)
<u>Add</u> Increase during the years - recognized as cost of sales for the years	(27,733)	-	(27,733)	-
Ending balance	<u>(33,862)</u>	<u>(6,129)</u>	<u>(33,862)</u>	<u>(6,129)</u>



Movements of allowance for diminution in value of inventories for the years ended October 31, are as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Beginning balance	(163,512)	(178,164)	(24,898)	(338)
Add Increase during the years - recognized as cost of sales for the years	(22,681)	(111,873)	-	(24,898)
Less Reversal during the years	182,380	126,525	24,898	338
Ending balance	(3,813)	(163,512)	-	(24,898)

For the years ended October 31, 2016 and 2015, cost of inventories recognized as cost of sales in the consolidated financial statements were Baht 13,162.67 million and Baht 13,524.79 million, respectively, and in the separate financial statements were Baht 8,277.32 million and Baht 7,426.71 million, respectively.

## 10. INVESTMENTS IN ASSOCIATES

Investments in associates as at October 31, consisted of:

### Consolidated Financial Statements

Company Name	Paid-up		Percentage of		2016		Unit : Thousand Baht "Restated"			
	Share Capital		Shareholding		Investment		2015			
	2016	2015	%	%	Cost	Equity	Investment			
			2016	2015			for	Cost	Equity	Dividend
							the period			for
							2016			the year
										2015
Thai Sugar Terminal Public Company Limited	191,664	145,200	23.82	23.82	90,267	340,157	4,227	81,967	279,837	17,292
T S G Assets Co., Ltd.*	50,000	50,000	4.11	4.11	2,061	2,061	-	2,061	2,061	-
T S Oil Industry Co., Ltd.*	500,000	500,000	0.62	0.62	3,089	3,089	-	3,089	3,089	-
T S Flour Mill Public Company Limited*	342,051	285,000	0.07	0.07	313	276	37	313	298	16
T S Warehouse Co., Ltd.*	12,500	12,500	4.02	4.02	509	509	-	509	509	-
T S Transport and Logistic Co., Ltd.*	400,000	320,000	10.12	10.12	40,508	40,508	-	32,408	32,408	-
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	-	-	-	73,800	38,658	585
Total					136,747	386,600	4,264	194,147	356,860	17,893

\* An associate considering by significant influence of the Company to Thai Sugar Terminal Public Limited, which is parent company of this associate.

### Separate Financial Statements

Company Name	Paid-up		Percentage of		Investment Cost		Unit : Thousand Baht Dividends			
	share Capital		Shareholding				For the year ended			
	2016	2015	%	%	2016	2015	"Restated"			
			2016	2015			2016	2015	2016	2015
Thai Sugar Terminal Public Company Limited	191,664	145,200	23.82	23.82	90,267	81,967	4,227	17,292		
T S G Assets Co., Ltd.*	50,000	50,000	4.11	4.11	2,061	2,061	-	-		
T S Oil Industry Co., Ltd.*	500,000	500,000	0.62	0.62	3,089	3,089	-	-		
T S Flour Mill Public Company Limited*	342,051	285,000	0.07	0.07	313	313	37	16		
T S Warehouse Co., Ltd.*	12,500	12,500	4.02	4.02	509	509	-	-		
T S Transport and Logistic Co., Ltd.*	400,000	320,000	10.12	10.12	40,508	32,408	-	-		
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	-	73,800	-	585		
Total					136,747	194,147	4,264	17,893		

\* An associate considering by significant influence of the Company to Thai Sugar Terminal Public Limited, which is parent company of this associate.

In July 2015, T S Transport and Logistic Co., Ltd., an associate, increased its authorized share capital to Baht 400.00 million which the Company increased its investment in proportion to their existing shareholding and last called for the paid-up at Baht 25.00 per share in the first quarter of 2016.

In accordance to the Extraordinary Meeting No. 1/2014, of T S Flour Mill Public Company Limited dated August 27, 2015, has resolution to increase of registered capital of the Company at the amount The newly issued shares of the Company in the number of not exceeding 57,000,000 shares with the par value of Baht 1.00, shall be allotted for the existing shareholders in proportion to their shareholding (the Right Offering), at an offering ratio of 5 existing ordinary shares to 1 new ordinary shares, at the offering price of Baht 3.00 per share to capital increase totaling amount of Baht 342.00 million. On October 8, 2015, the Company increased its investment in proportion to their existing shareholding at 0.07% amounting to Baht 117,180.

The Board of Directors' Meeting No. 5/2016 of the Company held on June 24, 2016 had a resolution to approve the sales the Company's investment in Champion Fermentation Co., Ltd., an associate, at sales price of Baht 1,300 per share, totally Baht 84.50 million, to related party. The Company sold investment on July 21, 2016, and recognized gain from sale of investment in the consolidated financial statements and the separate financial statements for the year ended October 31, 2016 amounting to Baht 45.22 million and Baht 10.70 million, respectively.

In accordance to the minute of Extraordinary General Meeting of Shareholders No.1/2016 of Thai Sugar Terminal Public Company Limited held on August 8, 2016, has resolution to increase of registered capital and modified a memorandum of association totaling amount of Baht 191,663,805.00 by newly issued ordinary shares totaling amount 34,847,965 shares at the par value of Baht 0.50 by allocation newly issued ordinary share to the existing shareholders in proportion to their shareholding at an offering ratio of 10 existing ordinary shares to 1 new ordinary shares, at the offering price of Baht 1.00 per share. On September 2, 2016, the Company increased its investment in proportion to their existing shareholding at 23.82% amounting to Baht 8,300,096.

## 11. INVESTMENTS IN SUBSIDIARIES

Investments subsidiaries as at October 31, consisted of:

Separate Financial Statements

Company Name	Paid-up		Percentage of		Investment Cost		Unit : Thousand Baht	
	Share Capital		Shareholding				Dividends	
	2016	2015	2016	2015	2016	"Restated" 2015	For the year ended October 31, "Restated"	2015
New Krung Thai Sugar Factory Company Limited	1,000,000	1,000,000	95.78	95.78	834,394	834,394	-	-
Tamaka Sugar Industry Company Limited	600,000	600,000	90.21	90.21	523,337	523,337	-	108,257
New Kwang Soon Lee Sugar Factory Company Limited	500,000	500,000	98.61	98.61	569,284	569,284	-	-
K S L Real Estate Company Limited	840,000	840,000	40.77	40.77	319,134	319,134	-	-
K S L Export Trading Company Limited	20,000	20,000	33.88	33.88	6,775	6,775	3,049	678
KSL Material Supply Company Limited	480,000	10,000	100.00	100.00	479,119	9,119	-	-
Khon Kaen Sugar Power Plant Company Limited	800,000	800,000	100.00	100.00	799,972	799,972	-	-
KSL Green Innovation Public Company Limited (Old name Khon Kaen Alcohol Company Limited)	610,000	610,000	100.00	100.00	609,986	609,986	304,993	914,978
KSL Agro & Trading Company Limited	300,000	300,000	100.00	100.00	300,000	300,000	-	60,000
KSL WSP Logistic Company Limited	250	-	100.00	-	250	-	-	-
Savannakhet Sugar Corporation	684,757	684,757	98.49	98.49	674,178	674,178	-	-
Koh Kong Sugar Industry Company Limited *	1,167,660	1,167,660	80.00	80.00	932,589	932,589	-	-
Wynn In Trading Company Limited *	487,497	487,497	100.00	100.00	487,497	487,497	-	-
Total					6,536,515	6,066,265	308,042	1,083,913
Less Allowance for impairment of investments					(750,419)	(5,884)	-	-
Total investments subsidiaries					5,786,096	6,060,381	308,042	1,083,913

\* These are foreign subsidiaries including Koh Kong Plantation Company Limited which the Company holds its shares indirectly through Wynn In Trading Co., Ltd. at 80% as at October 31, 2016 and 2015. Furthermore, Koh Kong Plantation Company Limited has the condition to dissolve the Company if its loss exceed 75% of the registered share capital and could not solve the said loss within 1 year. As at October 31, 2016, loss of Koh Kong Plantation Company Limited does not exceed 75% of the registered share capital.

Movements in investments for the years ended October 31, are as follows:

	Unit : Thousand Baht Separate Financial Statements "Restated"	
	2016	2015
Beginning balance	6,060,381	6,060,381
Additional investments		
KSL Material Supplys Company Limited	470,000	-
KSL WSP Logistic Company Limited	250	-
Allowance for impairment of investments		
Savannakhet Sugar Corporation	(402,557)	-
Koh Kong Sugar Industry Company Limited	(341,978)	-
Ending balance	<u>5,786,096</u>	<u>6,060,381</u>

As at October 31, 2016, in consistent with Thai Accounting Standard No. 36 "Impairment of Assets", the Company has made an assessment of impairment loss to investment in Savannakhet Sugar Corporation and Koh Kong Sugar Industry Company Limited, the forecasted cash flows covering a period of 20 years and using the discounted rates at 9.30% - 9.70% p.a. and recorded impairment loss of investments in subsidiaries amounting to Baht 744.53 million in the separate statements of profit or loss and other comprehensive income for the year ended October 31, 2016.

However, the Company firmly believes that the subsidiaries could be carried according to plan and remain the potential for further growth in the future.

In accordance to the minute of Extraordinary General Meeting of Shareholders No.1 of the annual 2016 of KSL Material Supplys Company Limited held on October 13, 2016, has resolution to increase of registered capital totaling amount of Baht 470,000,000 by newly issued ordinary shares totaling amount 47,000,000 shares at the par value of Baht 10.00 totaling amount of Baht 480,000,000. The subsidiary company has registered and articles of association letter with the Commercial Business Development Department of the Ministry of Commerce, on October 31, 2016. The Company directly invested 100%.

The Board of Directors Meeting No. 5/2016 on June 24, 2016 has approved the establishment of a new subsidiary, KSL WSP Logistic Company Limited, to operate the transportation and logistics. With authorized share capital of Baht 1,000,000 (100,000 shares at par value of Baht 10.00 each) which Baht 2.50 per share totaling Baht 250,000, was called and paid-up. Such subsidiary incorporated with the Ministry of Commerce on August 23, 2016. The Company directly invested 100%.

## 12. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at October 31, consisted of:

	Percentage of Shareholding Direct and indirect		Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015	2016	2015
	%	%				
General Investments						
- Thai Cane and Sugar Co., Ltd.	3.93	3.93	787	787	323	323
- Thai Sugar Millers Co., Ltd.	7.36	7.36	8	8	2	2
- Mudman Co., Ltd.	9.46	9.46	350,000	350,000	350,000	350,000
- TISCO ESG Investment Fund for Society			20,000	20,000	20,000	20,000
Total			370,795	370,795	370,325	370,325
Held-to-maturity debt securities - government bonds			2,724	9,815	-	-
Less Amortization			(22)	(289)	-	-
Current portion			(2,702)	(6,817)	-	-
Net			-	2,709	-	-
Total other long-term investments			370,795	373,504	370,325	370,325

## 13. LONG-TERM LOANS

Long-term loans as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Long-term loans to subsidiaries (see Note 6.1)	-	-	4,266,963	4,283,238
Long-term loans to others	86,667	120,000	86,667	120,000
Loans for cane plantation development	645,950	667,430	151,375	126,025
Less Current portion (included as part of short-term loans, see Note 8)	(307,649)	(287,766)	(99,865)	(110,643)
Total	424,968	499,664	4,405,140	4,418,620
Less Allowance for doubtful debts	(66,904)	(19,186)	(9,702)	(8,882)
Total long-term loans	358,064	480,478	4,395,438	4,409,738

As at October 31, 2016 and 2015, most of long-term loans to others is loan to individual of Baht 80.00 million and Baht 120.00 million, respectively, which is under lending limit of Baht 120.00 million on August 31, 2015 principal installment payable every six months on the last working day of February and August of each year for 4 installments at Baht 30.00 million each. The first installment must be made in February 2016. The interest rate is 7.00% per annum. The interest is payable at the end of each month. Such loans are guaranteed by the shares and the land of two companies which the borrowers are the directors. Subsequently, in 2016 the agreement is amended to pay for 6 installments at Baht 20 million, and the first installment is February 2017.

As at October 31, 2016 and 2015, loans for cane plantation development included in the consolidated and separate financial statements included loans to other personals and parties of Baht 21.65 million and Baht 28.24 million, respectively, for purchases of agricultural machineries for planting for one of the Company's overseas subsidiary for periods of 3 - 4 years and carrying interest rate at MLR+1.00% per annum. The principal and interest are payable annually. The loan is secured by such agricultural machineries.

As at October 31, 2016 and 2015, the remaining loans for cane plantation development were the subsidiaries' loans to farmers for the purpose to buy land for cane plantation, agricultural machineries and equipment of subsidiaries. The loan agreements were entered into for the periods of 1 - 8 years, or longer. Loans carry interest rates of 7.25% - 8.00% per annum and 5.50% - 8.50% per annum, respectively, which the farmers mostly use land and vehicles as collateral.

#### 14. DEFERRED CANE PLANTATION COSTS

Movements of deferred cane plantation costs for the years ended October 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	"Restated"		Financial Statements	
	2016	2015	2016	2015
Beginning book value - net	517,926	542,707	24,811	41,480
Additional costs during the years				
- Costs of cane plantation	220,519	284,556	22,038	21,790
- Transfers of depreciation	30,018	33,189	112	148
Accumulated cost of cane planted	768,463	860,452	46,961	63,418
- Amortization of cane plantation costs during the year	(327,376)	(357,006)	(24,974)	(38,363)
Ending book value	441,087	503,446	21,987	25,055
Reversal (loss) from impairment	1,032	(3,658)	-	-
Loss from damaged cane	(29,818)	(12,039)	-	(244)
Exchange differences on translating financial statements	(5,057)	30,177	-	-
Ending book value - net	407,244	517,926	21,987	24,811

As at October 31, 2016 and 2015, certain deferred cane plantation costs in the consolidated financial statements of Baht 366.59 million and Baht 467.58 million, respectively, belong to two subsidiaries which grow cane plantation on lease land as follows:

- For the first subsidiary, amounting to Baht 152.76 million and Baht 157.85 million, respectively, represent costs of cane plantation on the land leased from the Government of the Lao People's Democratic Republic as referred to in Note 31.7.2.
- For the second subsidiary, amounting to Baht 213.83 million and Baht 309.73 million, respectively, represent costs of cane plantation on the land leased from the Government of the Kingdom of Cambodia as referred to in Note 31.7.3.



## 15. INVESTMENT PROPERTY

Movements of investment property for the years ended October 31, are as follows:

2016

	Consolidated Financial Statements			Unit : Thousand Baht Separate Financial Statements		
	Land	Buildings and Warehouses	Total	Land	Buildings and Warehouses	Total
<b>Fair value :</b>						
As at November 1, 2015	1,644,150	1,710,413	3,354,563	529,088	484,470	1,013,558
Adjustment and reclassification	(1,574)	-	(1,574)	-	-	-
Purchases	4,900	19	4,919	-	19	19
Gain (Loss) from fair value adjustments on investment property	969,673	168,603	1,138,276	398,867	87,240	486,107
As at October 31, 2016	<u>2,617,149</u>	<u>1,879,035</u>	<u>4,496,184</u>	<u>927,955</u>	<u>571,729</u>	<u>1,499,684</u>

"Restated"  
2015

	Consolidated Financial Statements			Unit : Thousand Baht Separate Financial Statements		
	Land	Buildings and Warehouses	Total	Land	Buildings and Warehouses	Total
<b>Fair value :</b>						
As at November 1, 2014	1,430,094	1,710,412	3,140,506	382,794	484,470	867,264
Adjustment and reclassification	155,373	34,168	189,541	128,736	-	128,736
Purchases	-	4,682	4,682	-	-	-
Gain (Loss) from fair value adjustments on investment property	<u>58,683</u>	<u>(38,849)</u>	<u>19,834</u>	<u>17,558</u>	<u>-</u>	<u>17,558</u>
As at October 31, 2015	<u>1,644,150</u>	<u>1,710,413</u>	<u>3,354,563</u>	<u>529,088</u>	<u>484,470</u>	<u>1,013,558</u>

For the years ended October 31, 2016 and 2015, the Company and its subsidiaries recognized rental income from investment property of Baht 195.51 million and Baht 179.72 million, respectively, in the consolidated statements of income, and of Baht 47.98 million and Baht 43.42 million, respectively, in the separate statements of income.

Represented fair value of investment property which was determined by an independent appraiser who has been approved by the Office of the Securities and Exchange Commission (Thailand) using income approach and market approach which is hierarchy level 3.



## 16. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the years ended October 31, are as follows:

2016

Unit : Thousand Baht

	Consolidated Financial Statements							Total
	Land	Land Improvement	Buildings and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction In progress	
<b>Cost :</b>								
As at November 1, 2015	730,353	1,454,203	6,140,642	21,724,413	1,848,115	273,335	938,710	33,109,771
Adjustment and reclassification	(500)	(7,067)	(20,232)	(9,884)	5	(274)	11,013	(26,939)
Purchases	160,112	85,494	126,850	125,477	45,910	11,456	1,302,335	1,857,634
Disposals/written off	(39,740)	(84,982)	(117,919)	(167,959)	(67,177)	(3,435)	(2,217)	(483,429)
Transfer in (out)	-	84,186	91,673	393,132	1,497	11,075	(581,563)	-
Translation of financial statements differences	-	(9,317)	(9,846)	(24,520)	(4,104)	(278)	(200)	(48,265)
As at October 31, 2016	850,225	1,522,517	6,211,168	22,040,659	1,824,246	291,879	1,668,078	34,408,772
<b>Accumulated depreciation :</b>								
As at November 1, 2015	-	(365,637)	(1,081,699)	(7,032,202)	(1,047,354)	(213,442)	-	(9,740,334)
Adjustment and reclassification	-	(3,440)	2,419	3,748	-	585	-	3,312
Depreciation for the year	-	(32,731)	(160,673)	(831,436)	(90,659)	(26,583)	-	(1,142,082)
Disposals/written off	-	19,274	18,185	87,048	57,618	3,008	-	185,133
Translation of financial statements differences	-	3,060	1,651	3,619	2,466	257	-	11,053
As at October 31, 2016	-	(379,474)	(1,220,117)	(7,769,223)	(1,077,929)	(236,175)	-	(10,682,918)
<b>Differences on revaluation of assets :</b>								
As at November 1, 2015	1,412,609	-	-	-	-	-	-	1,412,609
Adjustment and reclassification	(14,314)	-	-	-	-	-	-	(14,314)
Increased	1,007,588	-	-	-	-	-	-	1,007,588
Disposals	(66,355)	-	-	-	-	-	-	(66,355)
As at October 31, 2016	2,339,528	-	-	-	-	-	-	2,339,528
<b>Allowance for impairment of assets :</b>								
As at November 1, 2015	(12,400)	-	(6,363)	-	-	-	-	(18,763)
Adjustment and reclassification	2,350	-	-	-	-	-	-	2,350
Increased	(22,582)	-	-	-	-	-	-	(22,582)
Disposals	3,092	-	-	-	-	-	-	3,092
As at October 31, 2016	(29,540)	-	(6,363)	-	-	-	-	(35,903)
<b>Net book value :</b>								
As at October 31, 2016	3,160,213	1,143,043	4,984,688	14,271,436	746,317	55,704	1,668,078	26,029,479

**"Restated"  
2015**

**Consolidated Financial Statements**

	Land	Land Improvement	Buildings and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	Total
<b>Cost :</b>								
As at November 1, 2014	804,611	1,273,811	5,445,265	18,105,979	1,803,970	253,626	4,569,884	32,257,146
Adjustment and reclassification	(110,006)	3,644	(520,722)	503,798	405	12,640	(42,061)	(152,302)
Purchases	40,534	534	4,111	78,744	8,698	10,013	628,964	771,598
Disposals/written off	(4,786)	-	(2,100)	(1,764)	(4,923)	(7,923)	-	(21,496)
Transfer in (out)	-	127,024	1,162,726	2,908,112	17,763	3,557	(4,219,182)	-
Translation of financial statements differences	-	49,190	51,362	129,544	22,202	1,422	1,105	254,825
As at October 31, 2015	730,353	1,454,203	6,140,642	21,724,413	1,848,115	273,335	938,710	33,109,771
<b>Accumulated depreciation :</b>								
As at November 1, 2014	-	(317,394)	(917,311)	(6,170,710)	(945,686)	(183,239)	-	(8,534,340)
Adjustment and reclassification	-	728	152	7,842	-	(7,993)	-	729
Depreciation for the year	-	(33,604)	(156,958)	(853,711)	(93,284)	(28,779)	-	(1,166,336)
Disposals/written off	-	-	131	1,693	4,054	7,871	-	13,749
Translation of financial statements differences	-	(15,367)	(7,713)	(17,316)	(12,438)	(1,302)	-	(54,136)
As at October 31, 2015	-	(365,637)	(1,081,699)	(7,032,202)	(1,047,354)	(213,442)	-	(9,740,334)
<b>Differences on revaluation of assets :</b>								
As at November 1, 2014	1,478,714	-	-	-	-	-	-	1,478,714
Adjustment and reclassification	(71,537)	-	-	-	-	-	-	(71,537)
As at October 31, 2015	1,407,177	-	-	-	-	-	-	1,407,177
<b>Allowance for impairment of assets :</b>								
As at November 1, 2014	(12,164)	-	(6,363)	-	-	-	-	(18,527)
Adjustment and reclassification	(236)	-	-	-	-	-	-	(236)
As at October 31, 2015	(12,400)	-	(6,363)	-	-	-	-	(18,763)
<b>Net book value :</b>								
As at October 31, 2015	2,125,130	1,088,566	5,052,580	14,692,211	800,761	59,893	938,710	24,757,851

**Accumulated depreciation as at October 31,**

2016

**Thousand Baht 1,142,082**

2015 "Restated"

**Thousand Baht 1,166,336**

	Separate Financial Statements							Total
	Land	Land Improvement	Buildings and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	
<b>Cost :</b>								
As at November 1, 2015	397,162	300,409	1,659,379	6,997,942	605,812	112,563	313,149	10,386,416
Adjustment and reclassification	-	-	960	(962)	2	-	(4,238)	(4,238)
Purchases	23,821	974	21,233	57,555	17,839	5,760	392,036	519,218
Disposals/written off	(13,846)	-	(177,795)	(21)	(11,856)	(236)	-	(203,754)
Transfer in (out)	-	16,902	20,624	143,370	813	3,423	(185,132)	-
As at October 31, 2016	407,137	318,285	1,524,401	7,197,884	612,610	121,510	515,815	10,697,642
<b>Accumulated depreciation :</b>								
As at November 1, 2015	-	(30,395)	(354,503)	(2,588,738)	(335,280)	(83,467)	-	(3,392,383)
Adjustment and reclassification	-	-	(878)	878	-	-	-	-
Depreciation for the year	-	(10,422)	(46,766)	(301,358)	(24,928)	(13,535)	-	(397,009)
Disposals/written off	-	-	63,881	21	11,856	231	-	75,989
As at October 31, 2016	-	(40,817)	(338,266)	(2,889,197)	(348,352)	(96,771)	-	(3,713,403)
<b>Differences on revaluation of assets :</b>								
As at November 1, 2015	463,313	-	-	-	-	-	-	463,313
Purchases	557,232	-	-	-	-	-	-	557,232
Disposals	(46,253)	-	-	-	-	-	-	(46,253)
As at October 31, 2016	974,292	-	-	-	-	-	-	974,292
<b>Allowance for impairment of assets :</b>								
As at November 1, 2015	(7,319)	-	-	-	-	-	-	(7,319)
Purchases	(16,782)	-	-	-	-	-	-	(16,782)
Disposals	2,764	-	-	-	-	-	-	2,764
As at October 31, 2016	(21,337)	-	-	-	-	-	-	(21,337)
<b>Net book value :</b>								
As at October 31, 2016	1,360,092	277,468	1,186,135	4,308,687	264,258	24,739	515,815	7,937,194

	Separate Financial Statements							Total
	Land	Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	
<b>Cost :</b>								
As at November 1, 2014	378,586	198,572	1,281,555	5,138,303	608,838	112,141	2,425,673	10,143,668
Adjustment and reclassification	(1,968)	-	1,195	(825)	-	(370)	-	(1,968)
Purchases	25,330	-	-	44,953	1,249	4,082	184,573	260,187
Disposals/written off	(4,786)	-	(2,100)	-	(4,275)	(4,310)	-	(15,471)
Transfer in (out)	-	101,837	378,729	1,815,511	-	1,020	(2,297,097)	-
As at October 31, 2015	397,162	300,409	1,659,379	6,997,942	605,812	112,563	313,149	10,386,416
<b>Accumulated depreciation :</b>								
As at November 1, 2014	-	(20,708)	(308,568)	(2,293,556)	(315,346)	(75,972)	-	(3,014,150)
Adjustment and reclassification	-	-	(1,195)	403	-	792	-	-
Depreciation for the year	-	(9,687)	(44,871)	(295,585)	(24,209)	(12,583)	-	(386,935)
Disposals/written off	-	-	131	-	4,275	4,296	-	8,702
As at October 31, 2015	-	(30,395)	(354,503)	(2,588,738)	(335,280)	(83,467)	-	(3,392,383)
<b>Differences on revaluation of assets :</b>								
As at November 1, 2014	520,205	-	-	-	-	-	-	520,205
Adjustment and reclassification	(53,681)	-	-	-	-	-	-	(53,681)
As at October 31, 2015	466,524	-	-	-	-	-	-	466,524
<b>Allowance for impairment of assets :</b>								
As at November 1, 2014	(7,082)	-	-	-	-	-	-	(7,082)
Adjustment and reclassification	(237)	-	-	-	-	-	-	(237)
As at October 31, 2015	(7,319)	-	-	-	-	-	-	(7,319)
<b>Net book value :</b>								
As at October 31, 2015	856,367	270,014	1,304,876	4,409,204	270,532	29,096	313,149	7,453,238
<b>Accumulated depreciation as at October 31,</b>								
2016							Thousand Baht	397,009
2015							Thousand Baht	386,935

As at October 31, 2016 and 2015, buildings and structure and building under construction of two foreign subsidiaries at book value of Baht 487.43 million and Baht 501.12 million, respectively, in the consolidated financial statements, are located on the concessional and which the ownership will be transferred to the lesser when the agreements are expired (see Note 31.7.3)

As at October 31, 2016 and 2015, assets at cost of Baht 4,013.62 million and Baht 3,559.99 million, respectively, in the consolidated financial statements, and of Baht 2,260.77 million and Baht 2,046.86 million, respectively, in the separate financial statements, were fully depreciated but still in use.

As at October 31, 2016 and 2015, land which is recorded at revaluation method with the net value of Baht 3,160.21 million and Baht 2,130.56 million, respectively, in the consolidated financial statements and Baht 1,360.09 million and Baht 853.16 million, respectively, in the separate financial statements represented fair value of land which was determined by an independent appraiser who has been approved by the Office of the Securities and Exchange Commission (Thailand) using the market approach which is hierarchy level 3. As at October 31, 2016 and 2015, land net book value at the cost method of Baht 850.23 million and Baht 730.35 million, respectively, in the consolidated financial statements, and of Baht 407.14 million and Baht 397.16 million, respectively, in the separate financial statement.

## 17. OTHER NON-CURRENT ASSETS

Other non-current assets as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Assets not yet used in operation				
- Land	718,125	484,140	-	-
- Machinery and Equipment	35,862	50,361	-	-
Other non-current assets	121,662	207,793	7,597	6,194
Total other non-current assets	875,649	742,294	7,597	6,194

As at October 31, 2016 and 2015, a subsidiary had assets not yet used in operation of Baht 718.12 million and Baht 484.14 million, respectively, represented fair value of land which was determined by an independent appraiser who has been approved by the Office of the Securities and Exchange Commission (Thailand) using the market approach which is hierarchy level 3. As at October 31, 2016 and 2015, land net book value at the cost method of Baht 328.40 million and Baht 340.80 million, respectively, in the consolidated financial statements.

## 18. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at October 31, consisted of:

	Consolidated Financial Statements "Restated"		Unit : Thousand Baht Separate Financial Statements	
	2016	2015	2016	2015
Promissory notes	3,757,026	3,291,895	1,108,000	38,000
Bills of exchange	-	897,002	-	897,002
Total short-term borrowings from financial institutions	3,757,026	4,188,897	1,108,000	935,002

As at October 31, 2016 and 2015, promissory notes have maturity period ranging from 1 - 6 months. Part of the promissory notes in the consolidated financial statements of Baht 1.30 million from one commercial bank by a subsidiary and of Baht 948.45 million from three commercial banks by three subsidiaries, respectively, are the borrowings denominated in US dollar carrying interest rates between LIBOR+2.00% and LIBOR+1.50% to LIBOR+2.00% per annum, respectively. The remaining are borrowings denominated in Baht, carrying interest rates at 1.90% - 2.70% per annum and 2.00% - 2.70% per annum, respectively. Promissory notes, in the separate financial statements, are borrowings denominated in Baht, carrying interest rates at 1.90% - 2.01% per annum and 2.00% per annum, respectively.

As at October 31, 2015, bills of exchange in the consolidated and the separate financial statements represented the borrowings denominated in Baht, carrying interest rates at 1.82% per annum.

## 19. TRADE AND OTHER PAYABLES

Trade and other payables as at October 31, consisted of:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Trade payables - related parties	2,325	-	87,341	10,394
Trade payable - others				
- Payables for cane purchases	724,238	132,146	230,566	27,977
- Other trade payables	61,470	44,666	21,687	30,181
Advances received for sales of goods	20,442	45,061	13,714	58,746
Accrued fees payable to the Office of the Cane and Sugar Fund	38,842	53,410	5,456	11,746
Accrued stabilization function payment to the Office of the Cane and Sugar Fund	-	53,363	-	28,175
Other accrued expenses	178,212	230,909	109,894	156,991
Payables on purchases of assets	242,030	239,331	45,541	51,351
Other payables	444,051	369,777	391,567	320,416
Total trade and other payables	<u>1,711,610</u>	<u>1,168,663</u>	<u>905,766</u>	<u>695,977</u>

As at October 31, 2016, the Company and its three subsidiaries purchased canes for the production season 2015/2016 using the initial cane price for production season 2015/2016 announced by the Cane and Sugar Board in the Royal Gazette dated November 23, 2015. The price is Baht 808.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 48.48 per cane ton. Until the date the Company's Board of Directors approved the issuance of these financial statements, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2015/2016. Therefore, the Company and its subsidiaries recorded accounts payable - cane purchases and calculated cost of goods sold and inventories for the year ended October 31, 2016 from the estimate made by the management of the Company and its subsidiaries at cane price of Baht 1,022.09 - 1,055.19 per ton with average sweetness level at 10.69 - 12.00 c.c.s.

## 20. LONG-TERM DEBENTURES

Long-term debentures as at October 31, consisted of:

	Unit : Thousand Baht Consolidated Financial Statements/ Separate Financial Statements	
	2016	2015
Unsecured senior debt debentures	9,993,070	10,989,160
<u>Less</u> Current portion	<u>(2,999,307)</u>	<u>(999,909)</u>
Net	<u>6,993,763</u>	<u>9,989,251</u>



The Company issued Thai Baht currency debentures which are holder specified, non-subordinated and unsecured bonds at par value of Baht 1,000 per unit to a limited number of investors, with the following details:

Unit : Thousand Baht									
Bond Set No.	Symbol	Consolidated Financial Statements/Separate Financial Statements as at October 31, 2016							
		Term	Maturity Date	Interest Rate per annum	Number of Units Issued	Total Value	Deferred debenture issuance cost	Net	Fair Value
1	KSL172A	3 years	February 27, 2017	3.84	1,000,000	1,000,000	138	999,862	1,006,885
2	KSL174A	3 years	April 30, 2017	3.63	1,000,000	1,000,000	335	999,665	1,009,388
3	KSL175A	3 years	May 16, 2017	3.60	1,000,000	1,000,000	220	999,780	1,009,869
4	KSL185A	3 years	May 7, 2018	2.88	2,000,000	2,000,000	1,395	1,998,605	2,030,127
5	KSL189A	3 years	September 25, 2018	2.50	1,000,000	1,000,000	974	999,026	1,007,599
6	KSL198A	5 years	August 5, 2019	4.25	1,000,000	1,000,000	979	999,021	1,050,787
7	KSL199A	5 years	September 18, 2019	4.07	1,000,000	1,000,000	993	999,007	1,046,245
8	KSL203A	5 years	March 13, 2020	3.48	2,000,000	2,000,000	1,896	1,998,104	2,066,557
Total long-term debentures					10,000,000	10,000,000	6,930	9,993,070	10,227,457

Unit : Thousand Baht									
Bond Set No.	Symbol	Consolidated Financial Statements/Separate Financial Statements as at October 31, 2015							
		Term	Maturity Date	Interest Rate per annum	Number of Units Issued	Total Value	Deferred debenture issuance cost	Net	Fair Value
1	KSL15DA	3 years	December 4, 2015	3.87	1,000,000	1,000,000	91	999,909	1,001,978
2	KSL172A	3 years	February 27, 2017	3.84	1,000,000	1,000,000	566	999,434	1,025,344
3	KSL174A	3 years	April 30, 2017	3.63	1,000,000	1,000,000	780	999,220	1,025,262
4	KSL175A	3 years	May 16, 2017	3.60	1,000,000	1,000,000	651	999,349	1,024,570
5	KSL185A	3 years	May 7, 2018	2.88	2,000,000	2,000,000	2,318	1,997,682	2,024,829
6	KSL189A	3 years	September 25, 2018	2.50	1,000,000	1,000,000	1,477	998,523	1,003,138
7	KSL198A	5 years	August 5, 2019	4.25	1,000,000	1,000,000	1,246	998,754	1,052,950
8	KSL199A	5 years	September 18, 2019	4.07	1,000,000	1,000,000	1,250	998,750	1,047,394
9	KSL203A	5 years	March 13, 2020	3.48	2,000,000	2,000,000	2,461	1,997,539	2,041,477
Total long-term debentures					11,000,000	11,000,000	10,840	10,989,160	11,246,942

Movements of long-term debentures in the consolidated financial statements and separate financial statements for the years ended October 31, are as follows:

Unit : Thousand Baht		
	2016	2015
Beginning book value	10,989,160	7,492,742
Debentures issuance during the years	-	5,000,000
Redemptions during the years	(1,000,000)	(1,500,000)
Amortized debenture issuance cost	3,910	(3,582)
Ending book value	9,993,070	10,989,160

Other significant compliance to the covenants of the debenture issuances are as follows:

- The Company shall maintain the debts with interest to equity in the consolidated financial statements as of October 31 in every year ratio not exceed 2 : 1 the entire term.

As at October 31, 2016 and 2015, the debts with interest to equity ratio is 1.13 : 1.00 and 1.47 : 1.00 (Restated), respectively.

- In case the credit rating of the debentures is lower than the current Company's rating, the Company shall pledge assets as collateral for the debenture holders or proceed to correct the credit rating of the debentures to be at the same level or better than the credit rating of the Company. As at October 31, 2016, the credit rating of the debentures was not lower than the Company's credit rating.

## 21. LONG-TERM BORROWINGS

Long-term borrowings as at October 31, consisted of long-term borrowings from financial institutions as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Borrowings	5,067,466	6,029,060	3,409,666	3,565,500
<u>Less</u> Current portion	<u>(2,011,633)</u>	<u>(1,511,593)</u>	<u>(1,205,833)</u>	<u>(705,833)</u>
Long-term borrowings	<u>3,055,833</u>	<u>4,517,467</u>	<u>2,203,833</u>	<u>2,859,667</u>

Movements of long-term borrowings for the years ended October 31, are as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Beginning book value	6,029,060	6,038,461	3,565,500	2,471,333
Additional borrowings during the years	1,000,000	3,500,000	1,000,000	2,500,000
Repayment during the years	(1,961,594)	(3,528,205)	(1,155,834)	(1,405,833)
Exchange differences on translating financial statements	-	18,804	-	-
Ending book value	<u>5,067,466</u>	<u>6,029,060</u>	<u>3,409,666</u>	<u>3,565,500</u>

The interest rates of long-term borrowings as at October 31, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
	%	%	%	%
Borrowings - Baht currency	2.00 - 4.25	2.00 - 4.65	2.00 - 3.86	2.00 - 4.50

Maturity of long-term borrowings were as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Within 1 year	2,011,633	1,511,593	1,205,833	705,833
Over 1 year and within 5 years	3,055,833	4,517,467	2,203,833	2,859,667

Credit Limit	Balances At as October 31, "Restated" 2016      2015		Interest rate %	Principal repayment	Interest payment	Commencing repayment	Maturity
	Thousand Baht	Thousand Baht					
<b>The Company</b>							
1. Baht 1,000 million	-	400,000	MLR - Fixed rate	Semi-annual	Monthly	January 2013	July 2018
2. Baht 2,500 million	850,000	1,300,000	AMLR - Fixed rate	Semi-annual	Monthly	May 2013	March 2019
3. Baht 1,500 million	1,050,000	1,050,000	AMLR - Fixed rate	Semi-annual	Quarterly	May 2015	November 2019
4. Baht 1,000 million	900,000	-	AMLR - Fixed rate	Semi-annual	Quarterly	June 2016	December 2020
5. Baht 1,000 million	600,000	800,000	AMLR - Fixed rate	Semi-annual	Monthly	April 2015	October 2019
6. Baht 11.30 million	2,000	4,000	Fixed rate	Annual	Monthly	June 2012	June 2017
7. Baht 23 million	7,666	11,500	Fixed rate	Annual	Annual	June 2013	June 2019
<b>Total</b>	<b>3,409,666</b>	<b>3,565,500</b>					
<b>The subsidiaries</b>							
8. Baht 800 million	200,000	400,000	MLR - Fixed rate	Semi-annual	Monthly	February 2014	February 2019
9. Baht 1,000 million	600,000	800,000	Fixed rate	Semi-annual	Monthly	April 2015	October 2019
10. Baht 1,000 million	400,000	600,000	Fixed rate	Semi-annual	Monthly	March 2012	June 2018
11. Baht 1,000 million	452,000	652,000	MLR - Fixed rate	Semi-annual	Monthly	August 2014	February 2019
12. Baht 33.90 million	5,800	11,560	Fixed rate	Annual	Annual	June 2012	June 2017
<b>Total</b>	<b>1,657,800</b>	<b>2,463,560</b>					
<b>Grand Total</b>	<b>5,067,466</b>	<b>6,029,060</b>					

\* AMLR is the average MLR of 4 large Thai financial institutions

In the consolidated and separate financial statements as at October 31, 2016 and 2015, most of the borrowings are guaranteed by the Company and subsidiaries. The subsidiaries insured certain structure and machine with transferring beneficial right to lenders, the commercial banks. The sixth, seventh and twentieth credit lines are borrowing for purchases of agricultural equipment with secured by the executive directors of the Company and guaranteed cheques of the Company.

In addition, the Company and its subsidiaries have to abide to certain financial conditions, such as maintaining of debt with interest-to-equity ratio, the shareholding ratio in subsidiaries, debt service coverage ratio, restriction on additional long-term debt creation, increase of the registered share capital and restriction on dividend payment of subsidiaries. As at October 31, 2016 and 2015, the Company and subsidiaries can maintain the ratios as stipulated in the agreements.

## 22. INCOME TAX EXPENSE (INCOME), DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

### 22.1 Income tax expense (income)

Income tax expense (income) for the years ended October 31, are as follows:

	Consolidated Financial Statements "Restated"		Unit :Thousand Baht Separate Financial Statements "Restated"	
	2016	2015	2016	2015
<u>Current income tax</u>				
Current income tax expense	102,193	169,623	-	-
<u>Deferred income tax</u>				
Deferred income tax expense (income) and temporary differences	268,324	(130,527)	(13,873)	(58,552)
<b>Total</b>	<b>370,517</b>	<b>39,096</b>	<b>(13,873)</b>	<b>(58,552)</b>

Reconciliation of income tax and the results of the accounting profit multiplied by the income tax rate for the years ended October 31, are as follows:

	Consolidated Financial Statements		Unit :Thousand Baht Separate Financial Statements	
	2016	"Restated" 2015	2016	"Restated" 2015
Profit before income tax expense (income)				
- Promoted sector-exempted from income tax	133,401	488,328	-	-
- Non-promoted sector	1,677,376	390,645	220,415	779,924
Total profit before income tax expense (income)	1,810,777	878,973	220,415	779,924
Statutory tax rates (%)	20	20	20	20
Income tax expense				
- Non-promoted sector	335,475	78,129	44,083	155,985
Total income tax	335,475	78,129	44,083	155,985
Effect on income tax from non-deductible taxable expense and exempted taxable income	(220,674)	93,154	(44,083)	(156,146)
	114,801	171,283	-	(161)
Prior year income tax expense (income)	(12,608)	(1,660)	-	161
Deferred income tax expense (income)	268,324	(130,527)	(13,873)	(58,552)
Income tax expense (income)	370,517	39,096	(13,873)	(58,552)

22.2 Deferred tax assets - net as at October 31, are as follows:

	Consolidated Financial Statements		Unit :Thousand Baht Separate Financial Statements	
	2016	"Restated" 2015	2016	"Restated" 2015
<b>Deferred tax assets - net</b>				
Employee benefit obligations	587	1,281	-	-
Loss carried forward	2,243	1,208	-	-
Depreciation	-	(269)	-	-
Allowance for diminution in value of inventories	-	11,655	-	-
Gain on asset revaluation	-	(14,455)	-	-
Allowance for doubtful accounts	-	361	-	-
Change in fair value	-	9,768	-	-
Others	-	391	-	-
Deferred tax assets - net	2,830	9,940	-	-

The movements of deferred tax assets during the years ended October 31, are as follows:

2016

	Unit :Thousand Baht			
	Consolidated Financial Statements			
	"Restated" As at November 1, 2015	Items as recognized in profit loss	Items as recognized in other comprehensive income	Items as recognized in shareholders' equity directly
<b>Deferred tax assets - net</b>				<b>As at October 31, 2016</b>
Employee benefit obligations	1,281	(721)	27	587
Loss carried forward	1,208	1,035	-	2,243
Depreciation	(269)	269	-	-
Allowance for diminution in value of inventories	11,655	(11,655)	-	-
Gain on asset revaluation	(14,455)	-	14,455	-
Allowance for doubtful accounts	361	(361)	-	-
Change in fair value	9,768	(9,768)	-	-
Others	391	(391)	-	-
Deferred tax assets - net	9,940	(21,592)	14,482	2,830

2015

	Unit :Thousand Baht			
	Consolidated Financial Statements			
	"Restated" As at November 1, 2014	Items as recognized in profit loss	Items as recognized in other comprehensive income	"Restated" As at October 31, 2015
<b>Deferred tax assets - net</b>				
Employee benefit obligations	1,257	212	(188)	1,281
Loss carried forward	76	1,132	-	1,208
Depreciation	(228)	(41)	-	(269)
Allowance for diminution in value of inventories	14,915	(3,260)	-	11,655
Gain on asset revaluation	(10,707)	-	(3,748)	(14,455)
Allowance for doubtful accounts	4	357	-	361
Change in fair value	-	9,768	-	9,768
Others	432	(41)	-	391
Deferred tax assets - net	5,749	8,127	(3,936)	9,940

Unrecognized deferred tax assets of three and two foreign subsidiaries, respectively, as at October 31, 2016 and 2015 are as follows:

	Unit :Thousand Baht	
	Consolidated	
	Financial Statements 2016	2015
The following deferred tax assets have not been recognized		
Temporary differences	(154,717)	(27,480)
Loss carried forward	284,058	133,019
	129,341	105,539

For the year ended October 31, 2016, the Company's management assess that the deferred tax assets will not be utilized in full amount because the future taxable profit of subsidiaries will not be sufficient to utilize such deferred tax assets. Net tax loss carried forward which is not recognize deferred tax asset of Baht 284.06 million, will be matured by the years 2017 and 2021 of Baht 61.09 million and Baht 222.97 million, respectively.

22.3 Deferred tax liabilities - net as at October 31, are as follows:

	Consolidated		Unit :Thousand Baht	
	Financial Statements		Separate	
	2016	"Restated" 2015	2016	"Restated" 2015
<b>Deferred tax liabilities - net</b>				
Allowance for doubtful accounts	(18,702)	(11,290)	(7,213)	(5,591)
Allowance for diminution in value of inventories	(1,226)	(20,386)	(1,226)	(4,980)
Allowance for impairment in subsidiary investments	-	-	(148,907)	-
Allowance for impairment in other long-term investments	(1,177)	(1,177)	(1,177)	(1,177)
Employee benefit obligations	(51,385)	(42,640)	(21,485)	(18,355)
Gain on asset revaluation	551,270	294,692	194,858	93,305
Loss carried forward	(178,919)	(229,712)	(94,696)	(89,776)
Depreciation	37,383	124,765	5,595	(3,525)
Change in fair value	425,368	136,516	230,739	94,167
Others	(23,049)	(3,578)	(8,213)	629
<b>Deferred tax liabilities - net</b>	<b>739,563</b>	<b>247,190</b>	<b>148,275</b>	<b>64,697</b>

The movements of deferred tax liabilities for the years ended October 31, are as follows:

2016

	Unit :Thousand Baht			
	Consolidated Financial Statements			
	"Restated" As at November 1, 2015	Items as recognized in profit or loss	Items as recognized in other comprehensive income	As at October 31, 2016
<b>Deferred tax liabilities - net</b>				
Allowance for doubtful accounts	(11,290)	(7,412)	-	(18,702)
Allowance for diminution in value of inventories	(20,386)	19,160	-	(1,226)
Allowance for impairment in other long-term investments	(1,177)	-	-	(1,177)
Employee benefit obligations	(42,640)	2,096	(10,841)	(51,385)
Gain on asset revaluation	294,692	-	256,578	551,270
Loss carried forward	(229,712)	50,889	(96)	(178,919)
Depreciation	124,765	(87,382)	-	37,383
Change in fair value	136,516	288,852	-	425,368
Others	(3,578)	(19,471)	-	(23,049)
<b>Deferred tax liabilities - net</b>	<b>247,190</b>	<b>246,732</b>	<b>245,641</b>	<b>739,563</b>



2015

Unit :Thousand Baht

Consolidated Financial Statements

	“Restated” As at November 1, 2014	Items as recognized in profit or loss	Items as recognized in other comprehensive income	“Restated” As at October 31, 2015
<b>Deferred tax liabilities - net</b>				
Allowance for doubtful accounts	(10,068)	(1,222)	-	(11,290)
Allowance for diminution in value of inventories	(20,002)	558	(942)	(20,386)
Allowance for impairment in other long-term investments	(1,180)	3	-	(1,177)
Employee benefit obligations	(41,857)	1,971	(2,754)	(42,640)
Gain on asset revaluation	317,525	-	(22,833)	294,692
Loss carried forward	(52,635)	(171,266)	(5,811)	(229,712)
Depreciation	83,508	32,388	8,869	124,765
Change in fair value	122,918	13,598	-	136,516
Others	(5,148)	1,570	-	(3,578)
Deferred tax liabilities - net	<u>393,061</u>	<u>(122,400)</u>	<u>(23,471)</u>	<u>247,190</u>

2016

Unit :Thousand Baht

Separate Financial Statements

	“Restated” As at November 1, 2015	Items as recognized in profit or loss	Items as recognized in other comprehensive income	As at October 31, 2016
<b>Deferred tax liabilities - net</b>				
Allowance for doubtful accounts	(5,591)	(1,622)	-	(7,213)
Allowance for diminution in value of inventories	(4,980)	3,754	-	(1,226)
Allowance for impairment in subsidiary investments	-	(148,907)	-	(148,907)
Allowance for impairment in other long-term investments	(1,177)	-	-	(1,177)
Employee benefit obligations	(18,355)	972	(4,102)	(21,485)
Gain on asset revaluation	93,305	-	101,553	194,858
Loss carried forward	(89,776)	(4,920)	-	(94,696)
Depreciation	(3,525)	9,120	-	5,595
Change in fair value	94,167	136,572	-	230,739
Others	629	(8,842)	-	(8,213)
Deferred tax liabilities - net	<u>64,697</u>	<u>(13,873)</u>	<u>97,451</u>	<u>148,275</u>

	Separate Financial Statements		
	"Restated" As at November 1, 2014	Items as recognized in profit or loss	Items as recognized in other comprehensive income
			"Restated" As at October 31, 2015
<b>Deferred tax liabilities - net</b>			
Allowance for doubtful accounts	(5,180)	(411)	-
Allowance for diminution in value of inventories	-	(4,980)	-
Allowance for impairment in other long-term investments	(1,177)	-	-
Employee benefit obligations	(18,730)	2,107	(1,732)
Gain on asset revaluation	110,453	-	(17,148)
Loss carried forward	(19,237)	(70,539)	-
Depreciation	(13,276)	9,751	-
Change in fair value	90,655	3,512	-
Others	(1,379)	2,008	-
Deferred tax liabilities - net	142,129	(58,552)	(18,880)

### 23. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries operate retirement benefit plans under the Thai Labor Protection Act and the Company and its subsidiaries' retirement rules, which are considered as unfunded defined benefit plans.

Amount recognized in the statement of income in respect of these defined benefit plans for the years ended October 31, are as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Current service cost	10,245	9,872	4,269	4,032
Interest cost	8,490	8,953	3,620	3,941
Total	18,735	18,825	7,889	7,973

Movement in the present value of employee benefit obligations for the years ended October 31, are as follows:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	"Restated"			
	2016	2015	2016	2015
Employee benefit obligations brought forward	217,436	213,195	91,774	93,649
Current service cost	10,245	9,872	4,269	4,032
Interest cost	8,490	8,953	3,620	3,941
Actuarial loss on the estimation of the obligations	55,174	13,072	20,515	8,660
Benefit paid during the year	(30,058)	(27,656)	(12,751)	(18,508)
Employee benefit obligations carried forward	261,287	217,436	107,427	91,774

The significant actuarial assumptions used to provision for employee benefit obligations as at October 31, are as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2016 %	"Restated" 2015 %	2016 %	2015 %
Discount rate	1.70 - 2.74	3.12 - 4.12	1.90 - 2.17	3.79 - 3.82
Expected rate of salary increase	6.00	6.00	6.00	6.00
Voluntary resignation rate (Depended on employee's age)				
- Monthly employees	10.00 - 100.00	10.00 - 100.00	10.00 - 100.00	10.00 - 100.00
- Daily employees	4.00 - 100.00	2.00 - 100.00	12.00 - 46.00	12.00 - 54.00

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at October 31, 2016 are as follows:

	Consolidated financial statements	Unit : Million Baht Separate financial statements
<u>Discount rate</u>		
Discount rates, decrease of 0.5 percent	0.04 - 109.27	109.27
Discount rates, increase of 0.5 percent	0.03 - 105.68	105.68
<u>Salary growth rates</u>		
Salary growth rates, decrease of 0.5 percent	0.03 - 107.43	107.43
Salary growth rates, increase of 0.5 percent	0.04 - 109.14	109.14
<u>Turnover rates</u>		
Turnover rates, decrease of 1 percent	0.04 - 111.13	111.13
Turnover rates, increase of 1 percent	0.03 - 104.13	104.13

## 24. SHARE CAPITAL

The meeting of annual general shareholders for 2015 No. 1/2016 of the Company held on February 26, 2016, passed the following resolutions:

- 24.1 The reduction of registered capital from Baht 2,004,656,261 (4,009,312,522 ordinary shares at par value of Baht 0.50 each) to Baht 2,004,656,203.50 (4,009,312,407 ordinary shares at par value of Baht 0.50 each). The Company registered the reduction in capital with the Ministry of Commerce on February 29, 2016.
- 24.2 The increase of registered capital and allocation such shares to support the stock dividend of 400,931,241 shares at par value of Baht 0.50 each (see Note 25) resulting in the change in the share capital from Baht 2,004,656,203.50 (4,009,312,407 ordinary shares at par value of Baht 0.50 each) to Baht 2,205,121,824 (4,410,243,648 ordinary shares at par value of Baht 0.50 each). The Company registered the increase in capital with the Ministry of Commerce on March 1, 2016.

## 25. DIVIDENDS PAID AND LEGAL RESERVE

In accordance with the Public Limited Company Act B.E. 2535, the Company is required to set aside a legal reserve of at least 5 percent of net earnings after deducting accumulated deficit brought forward (if any) until reserve reaches 10 percent of the authorized share capital and this reserve is not available for distribution as dividends.

The meeting of annual general shareholders for 2015 No. 1/2016 of the Company held on February 26, 2016, passed the resolution of the appropriation of profit for dividend payment of year 2015 in form of cash at Baht 0.06 per share to 4,009 million shares, at the amount not exceeding Baht 222.74 million, and in form of share at the ratio of 10 existing shares to 1 dividend share at par value of Baht 0.50 each, totaling 400.93 million shares at the value not exceeding Baht 200.47 million, totaling dividend valuing Baht 0.05 per share including the payment of cash dividend and stock dividend of Baht 0.11 per share. The total dividend payment shall be at the value not exceeding Baht 423.21 million, to the shareholders whose names are included in the shareholder register on March 11, 2016 and the dividend payment shall be made on March 25, 2016. In addition, the profit in the amount of Baht 20.05 million is appropriated as legal reserve. The dividend payment was made on March 25, 2016.

As at October 31, 2016, the Company's legal reserve reaches 10 percent of the Company's authorized share capital.

## 26. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses included the compensation paid to the directors of the Company and its subsidiaries in accordance to Section 90 of Public Company Act which do not include salaries and related benefits paid to the executive directors of the Company and its subsidiaries for the years ended October 31, are as follows:

	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	"Restated"		Financial Statements	
	2016	2015	2016	2015
For the years ended October 31,	9.01	8.92	9.01	8.92

## 27. CAPITAL MANAGEMENT

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern, to maintain an appropriate capital structure and to maintain the debt with interest-to-equity ratio in the consolidated financial statements not to exceed the covenants of the debenture issuances (see Note 20) and the loan agreements (see Note 21).

As at October 31, debt with interest-to-equity ratio in the consolidated financial statements are as follows:

	2016	"Restated" 2015
Debt with interest-to-equity	1.13 : 1.00	1.47 : 1.00

## 28. EXPENSES BY NATURE

Significant expenses by nature for the years ended October 31, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	"Restated"		Financial Statements	
	2016	2015	2016	2015
Salaries, wages and other employee benefits	1,420,095	1,320,412	523,696	505,839
Depreciation	1,145,046	1,166,776	401,352	391,254
Fees paid to the Office of the Canc and Sugar Fund	1,149,835	1,157,118	506,900	377,624
Maintenance expenses	785,324	698,809	244,860	230,683
Transportation expenses	629,153	780,848	305,228	359,241
Raw material and supply used	8,774,409	9,795,020	4,691,630	5,109,094
Purchase finished goods	23,491	33,349	1,585,074	1,645,174
Changes in finished goods and goods in process	1,084,842	566,525	819,989	(492,555)
Loss from obsolete supplies and spare parts	27,733	-	27,733	-
Loss on impairment of investments in subsidiaries	-	-	744,534	-
Loss on impairment of assets	75,748	-	16,782	-
Loss on exchange rate	-	138,707	7,827	76,746
Management benefit expenses	141,312	140,227	48,566	52,506
Finance costs	709,983	817,054	551,698	559,106
Other operating expenses	688,171	698,474	385,667	338,897
Total	<u>16,655,142</u>	<u>17,313,319</u>	<u>10,861,536</u>	<u>9,153,609</u>

## 29. BASIC EARNINGS PER SHARE

The calculations of basic earnings per share were based on dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares held by the outsiders outstanding during the period. Basic earnings per share for the years ended October 31, 2016 and 2015 are as follows:

### 2016

	Consolidated Financial Statements			Separate Financial Statements		
	Net profit for the period	Number of shares	Earnings per share	Net loss for the period	Number of shares	Loss per share
	Thousand Baht	Thousand Shares	Baht	Thousand Baht	Thousand Shares	Baht
<u>Basic and diluted earnings per share</u>						
For the year ended to ordinary equity holders	1,426,152	4,410,244	<u>0.323</u>	234,288	4,410,244	<u>0.053</u>

### 2015 (Restated)

	Consolidated Financial Statements			Separate Financial Statements		
	Net profit for the period	Number of shares	Earnings per share	Net loss for the period	Number of shares	Loss per share
	Thousand Baht	Thousand Shares	Baht	Thousand Baht	Thousand Shares	Baht
<u>Basic and diluted earnings per share</u>						
For the year ended to ordinary equity holders	861,680	4,009,313	<u>0.215</u>	838,476	4,009,313	<u>0.209</u>

### 30. DISCLOSURE OF SECTORIAL BUSINESS OPERATIONS

The Company and subsidiaries (“Group Company”) presented the segment information in respect of the Group’s business segments. The primary format in segment information report is based on the Group’s management and internal reporting structure.

The Group comprises the following main business segments:

#### Manufacture and Distribution of Sugar and Molasses

Produce and distribute sugar and molasses to industrial enterprises, re-export manufacturing enterprises and international sugar traders.

#### Manufacture and Distribution of Alcohol

Produce and distribute alcohol to a domestic and overseas oil companies.

#### Manufacture and Sale of Electricity

Generate and sale electricity to Electricity Generating Authority of Thailand and the group companies.

#### Real Estate Rental and development

Operate office building for rent and develop and holiday resort for training and seminar center. At the present, there is no revenue from sales of houses together with land.

Geographical segments information is based on entity operating in the country and overseas. The overseas operations comprise Lao People’s Democratic Republic and Kingdom of Cambodia.

#### Major Customer Information

For the years ended October 31, 2016 and 2015, the Group has revenue with a single external customer in electricity sector in the amount of Baht 808.69 million and Baht 1,011.26 million, respectively, of the Group’s total revenue.



Details of the operating segments of the Group are as follows:

Consolidated Statements of Income

For the years ended October 31, 2016 and 2015

	Manufacture and Distribution of Sugar and Molasses			Manufacture and Distribution of Alcohol			Manufacture and Sale of Electricity			Real Estate Rental			Others Business			Inter-Transaction			Total		
	"Restated"			"Restated"			"Restated"			"Restated"			"Restated"			"Restated"			"Restated"		
	2016	2015	Thai	2016	2015	Thai	2016	2015	Thai	2016	2015	Thai	2016	2015	Thai	2016	2015	Thai	2016	2015	2015
Net revenue from operation - external	12,677	896	13,036	352	2,023	2,510	809	1,014	158	146	417	-	348	417	-	-	-	16,911	17,475	-	-
Net revenue from operation - internal	6,147	167	6,048	117	-	-	1,716	1,981	-	-	1,366	1,320	1,366	1,320	(9,396)	(9,466)	-	-	-	-	-
Total	18,824	1,063	19,084	469	2,023	2,510	2,525	2,995	158	146	1,714	1,737	1,714	1,737	(9,396)	(9,466)	16,911	17,475	17,475	17,475	17,475
Profit (loss) from operations	3,715	31	3,933	(78)	360	633	617	943	969	140	125	129	125	129	(687)	(1,346)	5,130	4,354	(2,666)	(2,713)	(817)
Selling, administrative expenses and others	(687)	(84)	(725)	(78)	(36)	(27)	(75)	(103)	(30)	(33)	(3)	(9)	(3)	(9)	205	158	57	55	(371)	(39)	(39)
Share of profit of investment in an associate																	1,440	840			
Income tax expenses																					
Net profit																	(14)	22			
(Less) Profit for the nine-month period of non-controlling interest																	1,426	862			
Profit for the period	291	7	231	8	6	12	-	-	-	-	3	10	(205)	(158)	102	103					
Interest income	(645)	(91)	(685)	(86)	(40)	(41)	(327)	(316)	-	-	(45)	(44)	-	-	(1,148)	(1,172)					
Depreciation																					
Consolidated Statements of Financial Position																					
As at October 31, 2016 and 2015																					
Trade and other receivables	1,452	72	3,091	148	198	229	168	100	12	8	166	121	(661)	(1,578)	1,407	2,119					
Inventories	1,423	145	2,119	388	334	201	62	43	-	-	637	667	(49)	(24)	2,552	3,394					
Property, plant and equipment	14,418	3,275	13,627	3,368	907	1,033	7,041	6,686	1	-	757	529	(370)	(485)	26,029	24,758					
Central assets	17,361	513	16,489	621	15	699	104	190	3,635	2,845	455	1,263	(13,696)	(14,861)	8,387	7,246					
Total Assets	34,654	4,005	35,326	4,525	1,454	2,162	7,375	7,019	3,648	2,853	2,015	2,580	(14,776)	(16,948)	38,375	37,517					
Total Liabilities	21,467	2,907	22,889	3,218	948	1,821	2,363	2,470	964	1,040	461	560	(7,386)	(8,923)	21,724	23,075					

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

As at October 31, 2016 and 2015, apart from liabilities presented in the statements of financial position, the Company and its subsidiaries have commitments and contingent liabilities as follows:

31.1 The Company and its subsidiaries have commitments relating to the sales agreements but not yet delivered in the consolidated financial statements amounting to Baht 1,455.67 million and Baht 3,316.88 million, respectively, and in the separate financial statements amounting to Baht 816.63 million and Baht 2,650.94 million, respectively.

31.2 The Company and three subsidiaries had issued post-dated checks to the farmers to purchase canes. The Company and the subsidiaries did not record such liabilities as the checks have not yet due and the cane has not been received from the farmers as at October 31, as follows:

	Consolidated Financial Statements		Unit : Million Baht Separate Financial Statements	
	2016	2015	2016	2015
For the production season 2015/2016	-	1,011.55	-	218.84
For the production season 2016/2017	1,106.95	-	370.17	-

31.3 A subsidiary entered into two electricity sale-purchase agreements with the Electricity Generating Authority of Thailand (EGAT) as follows:

- Agreement dated February 21, 2005, EGAT agrees to buy electricity from the subsidiary at Namphong District, Khonkaen Province, for the period of 21 years commencing from the first month of electricity sales (December 2006) at the volume of 20 Megawatt at the voltage of 115 Kilovolts. For the second year until the year before last year, EGAT agrees to buy electricity at not less than 80% of the electricity volume stipulated in the agreement.
- Agreement dated January 12, 2010, EGAT agrees to buy electricity at the volume of 22 Megawatt at the voltage of 115 Kilovolts at Bo Ploy District, Kanchanaburi Province, at the mutually-agreed price as stipulated in the agreement for the period of 5 years commencing from April 1, 2011. Prior to the expiration of the contractual term, the subsidiary shall inform EGAT for the extension of the contractual term in writing at not less than 30 days prior to the expiry date of the agreement and the agreement shall be extended for the contractual term of 5 years at a time. The subsidiary has pledged the letter of guarantee at the amount of Baht 4.40 million as collateral for the offer to sell the electricity. Subsequently, on June 2, 2014, EGAT agrees to buy additional electricity at the volume of 8 Megawatt totaling 30 Megawatt at the voltage of 115 Kilovolts, at the mutually-agreed price as stipulated in the agreement, for the period commencing from July 1, 2014 to November 2, 2018.

31.4 A subsidiary entered into an electricity sale-purchase agreement with the Electricity Generating Authority of Thailand (EGAT) on September 18, 2012, EGAT agrees to buy electricity at the volume of 2.12 Megawatt at the voltage of 22,000 volts at Wangsaphung District, Loei Province, at the mutually-agreed price as stipulated in the agreement for the period of 5 years commencing from November 20, 2012. (commencing date was postponed to December 27, 2014). Prior to the expiration of the contractual term, the subsidiary shall inform EGAT for the extension of the contractual term in writing at not less than 30 days prior to the expiry date of the agreement and the agreement shall be extended for the contractual term of 5 years at a time.

31.5 The consolidated and separate financial statements have commitments, contingent liabilities and credit facilities as follows:

Unit : Million						
Consolidated Financial Statements						
"Restated"						
Currency	As at October 31, 2016			As at October 31, 2015		
	Total	Utilized	Remaining	Total	Utilized	Remaining
<b>Commitments</b>						
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	THB	-	3,417.35	-	5,199.77	-
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	USD	-	1.97	-	27.15	-
<b>Contingent Liabilities</b>						
Letters of guarantees (unspecified credit limit)	THB	-	81.45	-	74.45	-
Notes acceptance	THB	-	-	30.00	-	30.00
Letters of credit and trust receipts	THB	170.00	-	120.00	-	120.00
Letters of credit	USD	11.90	1.90	14.35	-	14.35
Letters of credit	EURO	2.01	2.01	-	-	-
Overdraft and short-term borrowings	THB	21,512.20	2,720.73	20,941.20	2,183.45	18,757.75
Short-term borrowings	USD	50.50	0.04	50.50	20.64	29.86
Joint credit line in short-term borrowings	THB	2,365.00	1,035.00	1,490.00	160.00	1,330.00
Joint credit line in short-term borrowings	USD	20.00	-	20.00	6.00	14.00
Long-term borrowings	THB	5,067.47	5,067.47	6,029.06	6,029.06	-

Unit : Million						
Separate Financial Statements						
Currency	As at October 31, 2016			As at October 31, 2015		
	Total	Utilized	Remaining	Total	Utilized	Remaining
<b>Commitments</b>						
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	THB	-	1,642.85	-	2,508.97	-
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	USD	-	1.93	-	26.51	-
<b>Contingent Liabilities</b>						
Letters of guarantees (unspecified credit limit)	THB	-	4.13	-	4.13	-
Letters of credit and trust receipts	THB	30.00	-	30.00	-	30.00
Letters of credit	EURO	2.01	2.01	-	-	-
Overdraft and short-term borrowings	THB	9,545.20	1,108.00	9,120.20	38.00	9,082.20
Short-term borrowings	USD	10.50	-	10.50	-	10.50
Joint credit line in short-term borrowings	THB	2,365.00	1,035.00	1,490.00	160.00	1,330.00
Joint credit line in short-term borrowings	USD	20.00	-	20.00	6.00	14.00
Long-term borrowings	THB	3,409.67	3,409.67	3,565.50	3,565.50	-

The above credit facilities are partially secured between the Company and its subsidiaries, and transfer of benefits arisen from insurance policy for structure and machineries to the lenders. For certain credit facilities, if the facility is utilized, certain inventories of the Company and its subsidiaries will be used as collateral.

In addition, the Company and its subsidiaries are required to comply with certain financial conditions for joint commitments and contingent liabilities, including maintaining the debt with interest-to-equity ratio, maintaining the shareholding ratio in subsidiary, maintaining the debt service coverage ratio in the consolidated financial statements, restriction on additional long-term debt creation, increase of the registered share capital, and restriction on dividend payment of subsidiaries, etc.

31.6 The Company and its subsidiaries have the remaining commitments under the various contracts as follows:

Unit : Million					
Consolidated Financial Statements					
"Restated"					
	Currency	As at October 31, 2016		As at October 31, 2015	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding Contractual Commitments
Construction and subcontract agreements	THB	1,070.15	207.36	889.95	152.10
	USD	-	-	0.05	0.03
Machine and equipment purchase agreement	THB	317.72	49.65	304.59	40.46
	USD	13.60	1.42	19.60	14.33
	EURO	2.88	2.01	-	-
Rental agreements	THB	31.83	17.48	34.66	18.25
Leased concessions agreements	USD	13.45	12.54	13.45	12.70

Unit : Million					
Separate Financial Statements					
	Currency	As at October 31, 2016		As at October 31, 2015	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding Contractual Commitments
Construction and subcontract agreements	THB	704.01	98.22	665.24	107.15
Machine and equipment purchase agreement	THB	304.59	40.46	304.59	40.46
	EURO	2.88	2.01	-	-
Rental agreements	THB	31.83	17.48	34.66	18.25

As at October 31, the commitments under rental agreements to be paid in the future are as follows:

	Unit : Million Baht	
	Consolidated and separate	
	Financial Statements	
	2016	2015
Within one year	5.68	6.40
Over one year but less than 5 years	11.80	11.85
Total	17.48	18.25

### 31.7 Other significant agreements

- 31.7.1 A subsidiary was granted the electricity generating business concession from the Ministry of Energy on October 1, 2005 in the area of 43 Moo 10, Tambol Namphong, Amphur Namphong, Khonkaen Province, for the period of 21 years. However, such subsidiary obtained a license for energy industry operation from the Energy Regulatory Commission (ERC) as a replacement when the Energy Industry Act B.E. 2550 was effective, for the period of 19 years ending in December 2028. The subsidiary has to comply with the Energy Industry Act B.E. 2550 and the conditions according to the license.
- 31.7.2 On February 16, 2006, Savannakhet Sugar Corporation (subsidiary) made a contract to develop area in the Laos People's Democratic Republic with the Government of that country to be used for the subsidiary's office, factory unit, road and area for cane plantation with the total area of 10,000 hectares covering the period of 40 years which can be extended for another 20 years if approved by the counter party. As at October 31, 2016 and 2015, the subsidiary has already utilized the area of 5,053.61 hectares at the rental rate.
- 31.7.3 Koh Kong Plantation Company Limited and Koh Kong Sugar Industry Co., Ltd. (subsidiaries) entered into the Memorandum of Understanding (MOU) with the Government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar mill factory and receive concession land for cane plantation in Koh Kong Province, Kingdom of Cambodia with total area of 19,100 hectares covering period of 90 years and the rental price has a grace period of the first 4 years, afterwards, the rate of rental price of USD 1 - 4 per hectare per annum. As at October 31, 2016 and 2015, the subsidiaries have already utilized the area of 9,398.69 hectares and 10,481.76 hectares, respectively. Buildings and structure and building under construction of subsidiaries, are located on the concession land which the ownership will be transferred to the lessor when the agreements are expired (see Note 16).
- 31.7.4 A subsidiary in the Kingdom of Cambodia entered into two long-term land lease agreements with an outside person to build port and land awaiting development dated June 1, 2007 and May 21, 2007, respectively. The contractual term is 90 years for both agreements. The subsidiary has already paid the entire advance lease fee at USD 476,953. As at October 31, 2016 and 2015, the balances of the advance lease fee paid are USD 0.43 million and USD 0.44 million, respectively, which is presented as part of other non-current assets.

## 32. FINANCIAL INSTRUMENTS

### Risk management policies

The Company and its subsidiaries possess risks regarding to the change of market interest rate, market currency exchange rate, rates of the related goods' price changing and from non-performance of contractual obligations by counter parties. The Company and its subsidiaries will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Company and its subsidiaries do not have any policy to hold or issue any financial instruments for speculation or for trading.

### Risk on interest rate

Risk on interest rates is derived from the fluctuation of the market interest rate in the future, which will affect upon the Company and its subsidiaries' operating results and cash flows. However, the Group manage risk on interest rate by using various methods including loans allocation to gain appropriate balance between fixed and floating interest rate loans and compatible to different activities of the Group with the details mainly as follows:

Unit : Thousand Baht				
Consolidated Financial Statements				
As at October 31, 2016				
	Fixed Interest Rate		Floating	Total
	Within	More than	More than	
	1 year	1 year	5 years	
		to 5 years	Interest Rate	
<b>Financial Assets</b>				
Saving accounts deposits	-	-	62,504	62,504
Fixed account deposits	23	-	-	23
Loans for cane plantation development	257,821	314,656	1,815	579,046
Short-term loans to farmers	896,631	8,814	60,004	965,449
Long-term loans to others	41,333	45,334	-	86,667
Other long-term investments	2,702	-	-	2,702
<b>Total</b>	<b>1,198,510</b>	<b>368,804</b>	<b>127,262</b>	<b>1,696,391</b>
<b>Financial Liabilities</b>				
Short-term borrowings from financial institutions	3,757,026	-	-	3,757,026
Other short-term borrowings	6,900	-	-	6,900
Long-term debentures	2,999,307	6,993,763	-	9,993,070
Long-term borrowings	1,409,733	2,805,734	852,000	5,067,467
Liabilities from long-term lease agreements	1,323	-	-	1,323
<b>Total</b>	<b>8,174,289</b>	<b>9,799,497</b>	<b>852,000</b>	<b>18,825,786</b>



Unit : Thousand Baht

## Consolidated Financial Statements

"Restated"

As at October 31, 2015

	Fixed Interest Rate			Floating	Total
	Within 1 year	More than 1 year to 5 years	More than 5 years	Interest Rate	
<b>Financial Assets</b>					
Saving accounts deposits	-	-	-	134,350	134,350
Fixed account deposits	10,023	-	-	-	10,023
Loans for cane plantation development	227,493	401,276	18,646	829	648,244
Short-term loans to farmers	742,566	13,751	-	52,552	808,869
Long-term loans to others	60,000	60,000	-	-	120,000
Other long-term investments	6,816	2,709	-	-	9,525
Total	1,046,898	477,736	18,646	187,731	1,731,011
<b>Financial Liabilities</b>					
Short-term borrowings from financial institutions	4,143,447	-	-	45,450	4,188,897
Other short-term borrowings	6,100	-	-	-	6,100
Long-term debentures	999,909	9,989,251	-	-	10,989,160
Long-term borrowings	1,111,593	3,665,467	-	1,252,000	6,029,060
Liabilities from long-term lease agreements	1,721	1,323	-	-	3,044
Total	6,262,770	13,656,041	-	1,297,450	21,216,261

## Risk on exchange rates

Risk on exchange rates for the Company and its subsidiaries are mainly involved with sales of goods and imports of machineries which are transactions denominated in foreign currencies. As at October 31, the significant assets and liabilities denominated in foreign currencies of the Company and its subsidiaries which the risk on exchange rates have not been hedged are as follows:

Unit : Million

Currency	Consolidated Financial Statements				Separate Financial Statements			
	"Restated"							
	2016		2015		2016		2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
USD	15.60	2.58	24.44	60.22	11.91	-	10.31	-
YEN	-	2.50	-	2.50	-	-	-	-
RIEL	711.48	92.03	634.81	137.43	-	-	-	-
LAK	252.97	489.34	131.33	384.19	-	-	-	-

As at October 31, 2016 and 2015, the Company and its subsidiaries entered into forward contracts and cross currency swap with commercial banks to hedge against exchange rate risk from receipts and debt repayments denominated in foreign currencies. The Company and its subsidiaries have not recorded such financial liabilities in the consolidated and separate financial statements.

The open forward contracts and cross currency swap, which are due between 1 - 3 years, are as follows:

								Unit : Million	
Currency	Amount fixed in contract				Currency	Amount earned in contract			
	Consolidated		Separate			Consolidated		Separate	
	Financial Statements "Restated"		Financial Statements			Financial Statements "Restated"		Financial Statements	
	2016	2015	2016	2015		2016	2015	2016	2015
USD	30.99	17.74	47.74	27.74	THB	1,098.04	637.51	1,693.00	1,000.00

Net fair values of financial derivatives of the Company and its subsidiaries as at October 31, are as follows:

		Unit : Million Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		2016	2015	2016	2015
Net Gain (loss) on fair values of contracts		(6.35)	(12.79)	(13.33)	(16.76)

#### Risk on fluctuation of sugar and cane prices

The cane and sugar industry in Thailand is under the benefit sharing system between the cane farmers and the sugar mill factories, the selling price of sugar under Quota B and the exchange rate of the actual sales made by Thailand Cane and Sugar Corporation (TCSC) have significant effect on cane price which is major cost of sugar production. To manage risk on the fluctuation of gross profit, the Company and its subsidiaries have hedged the risk by entering into commodity swap contracts for the periods not over 2 years. Gain or loss is recognized in the statement of income when the contracts are settled or expired.

For the years ended October 31, the Company and its subsidiaries have accounted for transactions in the financial statements as follows:

		Unit : Million Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		2016	2015	2016	2015
Gain on commodity swap contracts		26.49	170.67	14.32	100.27

Net fair values of financial derivatives as at October 31, of the Company and its subsidiaries are as follows:

		Unit : Million Baht	
	Currency	Consolidated/Separate	
		Financial Statements	
		2016	2015
Net fair values for commodity swap contracts	USD	(0.85)	(0.18)
	THB	-	(1.33)

## Credit risk

The Company and its subsidiaries have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans to farmers, loans to related parties and other receivables. However, the Company and its subsidiaries have many receivables and have conservative credit policy including allowance for doubtful accounts. In addition, the Company and its subsidiaries request farmers to pledge land or other assets as collateral or guarantee by individual. The Group's management of the Company and its subsidiaries believes that the risk of default by receivables is low.

## Fair value

Cash and cash equivalents, temporary investments, trade and other receivables, short-term loans, other current assets, short-term borrowings from financial institutions, trade and other payables, short-term borrowings, current income tax payable and other current liabilities, the carrying values approximate their fair values due to the relatively short period to maturity.

The carrying amounts of long-term loans approximate their fair values due to floating interest rates. The long-term loans and others with fixed interest rate, their fair values approximate the carrying amounts because the average interest rate at the financial position date offered to the loans interest rate with the similar terms and conditions to the Group's approximate to the fixed rates specified in the contracts.

The transactions disclosed in the following table, are considered that the carrying amounts of financial assets and liabilities recognized in the consolidated and separate financial statements are different from their fair values.

	Consolidated / Separate Financial Statement		Fair value Hierarchy	Valuation technique of fair value
	Carrying amount Million Baht	Fair value Million Baht		
As At October 31, 2016				
Financial liabilities				
Long-term debentures	9,993	10,227	Level 2	Calculated from the closing price of the last Bond Market Association Thailand at the last day.
As At October 31, 2015				
Financial liabilities				
Long-term debentures	10,989	11,247	Level 2	Calculated from the closing price of the last Bond Market Association Thailand at the last day.

The fair values of derivative financial instruments, which are forward contracts and cross currency swap contracts are assessment determined by discounted cash flows method. Future cash flows are estimated based on relevant market price discounting the weighted average cost (interest rate swap contracts at the end of the reporting period), are the market prices adjusted by credit risk of the counter parties which are hierarchy level 3 and the commodity swap contracts are calculated by using the raw sugar and white sugar prices from The Exchange and Bloomberg at the end of the reporting period as though the Company and its subsidiaries have settled those contracts at the end of the reporting period are hierarchy level 2.

### 33. PROVIDENT FUND

The Company and twelve subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. For the years ended October 31, 2016 and 2015, the group companies and their employees monthly contribute to the fund at the rate of 3% - 5% of basic salary. The fund, which is managed by Ayudhya Fund Management Co., Ltd. will pay the employees upon their termination in accordance with the fund rules. For the years ended October 31, 2016 and 2015, the Company and its subsidiaries contributed in amounts of Baht 30.08 million and Baht 25.69 million, respectively, in the consolidated financial statements and the Company contributed in amounts of Baht 12.30 million and Baht 10.65 million, respectively, in the separate financial statements.

### 34. PRIVILEGES OF BENEFITS FROM PROMOTED INVESTMENT

Four domestic subsidiaries received 5 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act B.E. 2520. The benefits includes the exemption from income tax for profit for the year derived from operations of promoted businesses for the period of 8 years, commencing from the date of first receiving operation revenue of promoted businesses. The details are as follows:

<u>Certificate No.</u>	<u>Sections Privilege</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date of revenue generated</u>	<u>Expiry date</u>
1062(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	Income not yet derived Income not yet derived	
1063(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1), and 36(2)	January 30, 2009	- Production of pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	December 6, 2011 December 30, 2011	December 31, 2019 December 31, 2019
2364(1)/2554	25, 26, 28, 31, 34, 35(1), 35(2), and 35(3)	September 20, 2011	- Production of biological - Production of biological	February 29, 2012 February 28, 2013	December 31, 2019 February 28, 2021
1432(2)/2552	25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3)	June 24, 2009	- Production of electricity, power steams and water for manufacture	November 30, 2010	November 29, 2018
1349(2)/2556	25 26 28 31(1) 31(2) 31(3) 31(4) 34 35(1) 35(2) and 35(3)	March 15, 2013	- Production of electricity, power steams and water for manufacture	January 21, 2014	January 20, 2022

Furthermore, in accordance with the Promotion Certificate No. 2364(1)/2554, 1432(2)/2552, and 1349(2)/2556 the subsidiary receives the privilege in 50% income tax reduction of the regular rate for the period of 5 years commencing from the expiration date of income tax exemption and under all Promotion Certificates, the subsidiary is granted privilege for exemption of import duties for approved machinery and exemption from income tax on dividend on profit from promoted businesses during the period in which the Company is granted exemption from corporate income tax.

Three foreign subsidiaries are granted by foreign investment certificate and tax privilege from Lao People's Democratic Republic (the 1<sup>st</sup> Certificate) and from Kingdom of Cambodia (the 2<sup>nd</sup> - 4<sup>th</sup> Certificates) which the details are as follows:

- 1) Foreign Investment Certificate No. 017-06/ Khor Lor Tor includes tax privilege for exemption from income tax for 5 years from the date of first receiving revenue from sales of sugar, thereafter, the subsidiary shall pay income tax at the rate of 20%. The revenue is first derived on July 21, 2010 and expired on July 20, 2015.
- 2) Foreign Investment Certificate No. 4420/06 Ghor. Wor. Ghor. dated December 15, 2006 issued by the Council for the Development of Cambodia, the subsidiary is granted by tax privilege for exemption from import the duties for machinery for manufacturing and construction materials.
- 3) Foreign Investment Certificate No. 1641/09 Ghor. Wor. Ghor. and No. 1642/09 Ghor. Wor. Ghor. dated July 28, 2009 issued by the Council for the Development of Cambodia, the subsidiary is granted tax privilege for exemption from income tax for the period of 8 years and 9 years, respectively, including priority period commencing from the period when subsidiary is operated (year 2006).
- 4) Tax Exemption Certificate for agriculture-industrial (sugar cane) No. 2299 dated April 12, 2012 issued by the Ministry of Economy and Finance, Cambodia, grants the privilege to charge value-added tax (VAT) at 0% for sales of sugar cane to manufacture sugar for export. This certificate is valid for the period of 1 year from August 1, 2015 to July 31, 2016. The Ministry of Economy and Finance, Kingdom of Cambodia had announced the execution of VAT on the supply of agricultural products has not adapted to exempt VAT announced by April 2016.

### **35. EVENT AFTER THE REPORTING DATE**

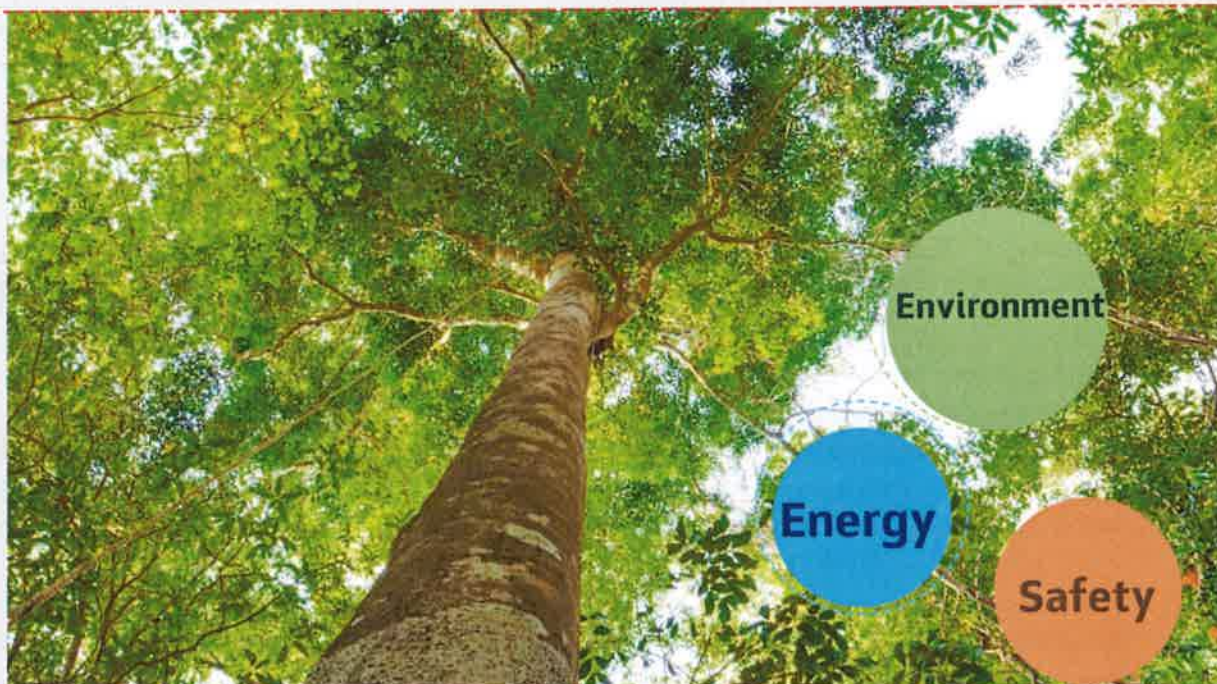
On November 18, 2016, the Office of the Cane and Sugar Board has notification letter to the Company clarifying the fact of stabilization function payment which the Company and three subsidiaries paid to the Cane and Sugar Fund for the Seasons 1999/2000 to the Seasons 2002/2003 of Baht 132.99 million. This is caused by the judgment of the Central Administrative Court in September and November 2016 ruling the Cane and Sugar Board and the Canes and Sugar Fund to return the stabilization function payment of Baht 114.71 million with interest to the Company and two subsidiaries (one subsidiary's case is still in the Central Administrative Court). However, the Company's management is still negotiating the return of such stabilization function payment with the Cane and Sugar Board for refundable of the stabilization function payment. Currently, the result of negotiation has not yet been concluded.

### **36. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuance by the Company's Board of Directors on December 23, 2016.



# SUSTAINABILITY REPORT



## About this Report

This Sustainability Report for 2016 is first provided this year, the information in which lasts from 1 November 2015 to 31 October 2016 is in accordance with Global Reporting Initiative (GRI-G4) of core level in respect of the following issues.

## Environment

### Energy

Aggregated Energy consists of heat energy and electricity energy used in the area of the Company or the factory. The data of heat energy is collected from quantity of fuel recorded in accounting or from meter multiplied with heat conversion. Data of electricity usage is collected from electricity invoice submitted by the provider.

### Greenhouse Gas

The amount of GHG means the released quantity of GHG in the operation that is calculated according to the guideline for evaluating carbon footprint provided by the Greenhouse Gas Management Organization (Public Organization) revised the first time on 1 October 2013 with the following scope of report.

- GHG with direct occurrence (Scope 1) is generated from activities within the Company's control e.g., boiler, vehicles used in Company transportation.
- GHG with indirect occurrence (Scope 2) is generated from the purchase of electricity from external sources.

The report of quantity of GHG (Scope 1) and GHG (Scope 2) uses the quantity of used fuel multiplied with the parameter of released GHG based on the Greenhouse Gas Management Organization (Public Organization).

### Emissions

Dust, Sulphur Oxide and Nitrogen Oxide are calculated by using the concentration measured pursuant to the law multiplied with the flow rate of wind and working hours of machinery.



## Water Withdrawal

The volume of water withdrawal is the withdrawal of water from various sources to be used in the Company's activities. The data is collected from invoices. The water sources consist of surface water and underground water.

## Waste

Waste is divided into two types, namely, hazardous waste and non-hazardous waste pursuant to the Notification of the Ministry of Industry on the management of waste or non-used materials B.E. 2548. The quantity of waste is reported from the weighing of waste.

## Safety

Information regarding employees and business partners which is collected from company's staff, outsourced workers and contractors.

### The recording of safety data consists of

1. Aggregated accident rate means the number of accidents which occur in each 200,000 hours per person.
2. Accident rate resulting in stoppage of work means the number of accidents which results in stoppage of work which occur in each 200,000 hours per person.
3. Rate of Stoppage of work from accident means the number of stoppage day resulting from accidents which occur in each 200,000 hours per person.
4. Rate of Leave means the number of days of leave resulting from accidents and sick leave due to work, not including leave for rest and leave to give birth which occur in each 200,000 hours per person.

## Procedures of reporting issues of sustainability materiality (G4-18)

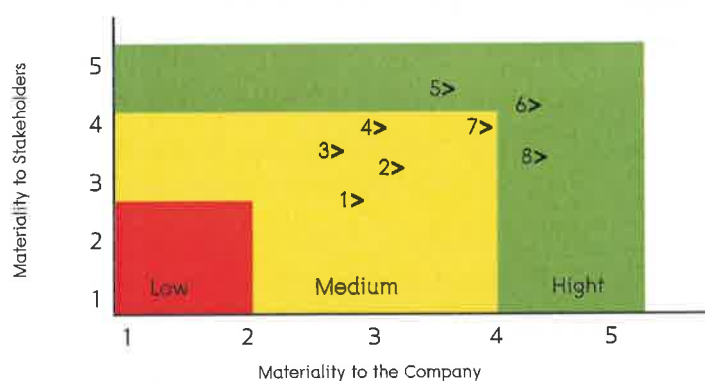
The group of companies has prescribed three significant issues on sustainability for the first time this year (between the fiscal year starting from 1 November 2015 to 31 October 2016), namely, economic, social and environmental issues and has prescribed important sub-issues together with the hearing form stakeholders with these steps.

**Step 1** Important issues are prescribed to be consistent with the Company's vision, mission, strategies, risks and the stakeholders' perspectives in accordance with the standard indicators used in Global Reporting Initiative (GRI).

**Step 2** Prioritize the materiality of the issues obtained in Step 1 by assigning the relevant units to select the important issues within the framework which requires the priority of issues pursuant to the sustainable development of the group of companies and the benefits of the stakeholders.

**Step 3** Re-check the materiality of the issues obtained in Step 2 by assigning the relevant units to present the issues which are reviewed in Step 3 to the Executive Board for approval the reporting of these sustainability issues to public.

**Step 4** The Company assigns the internal audit office to recheck the procedures of evaluating material issues, collection and processing of data, participation of stakeholders, operation in respect of society, safety and environment so that the information is correct and complete.



### Economic

1. Sustainable Business Operation
2. Management of Value Chain
3. Corporate Governance

### Environmental

4. Efficient use of Energy
5. Management of Environment

### Social

6. Safety and Occupational Health
7. Quality and Satisfaction of Employees
8. Communities and Society

### Scope of the Report (G4-17)

The information regarding sustainability as hereby reported belongs to the group of companies which are value-chain related to each other, namely, the companies that operate sugar business, biomass electricity business and ethanol business, dividing by branches where the factories are located.

Company	Environment					Human Re-sources	
	Energy	Green house Gas	Emission	Water With-drawal	Waste	Accident	Train-ing
Khon Kaen Sugar Industry PLC (Nampong Branch)	●	●	●	●	●	●	●
Khon Kaen Sugar Industry PLC (Wang Saphung)	●	●		●	●	●	●
Tamaka Sugar Industry Co., Ltd.	●	●		●	●	●	●
New Krung Thai Sugar Industry Co., Ltd.	●	●		●	●	●	●
New Kwang Soon Lee Sugar Factory Co., Ltd.	●	●	●	●	●	●	●
Khon Kaen Power Co., Ltd. (Nampong Branch)	●	●	●	●		●	●
Khon Kaen Power Co., Ltd. (Wangsapung Branch)	●	●	●	●		●	●
Khon Kaen Power Co., Ltd. (Boploy Branch)	●	●	●	●	●	●	●
KSL Green Innovation Co., Ltd. (Nampong Branch)	●	●		●	●	●	●
KSL Green Innovation Co., Ltd. (Boploy Branch)	●	●		●	●	●	●
Khon Kaen Sugar Industry PLC							●

### Corporate Governance Structure (G4-34)

The Corporate Governance Committee is the body which has roles and duties as reported in topic Scope of Duties and Responsibilities at page 56 The mentioned roles and duties include the mission to supervise the Company to implement the policy regarding environment and society because apart from the good corporate governance to steer the operation with transparency, integrity, accountability and conscience, the policy also requires the Company to take into account the protection of environment and social development, risk assessment and impact on environment and safety before investment, compliance with laws concerning environment and natural resources, production management to minimize impact on environment and natural resources.

## Material Issues and Scope of impact inside and outside the Company (G4-19,G4-20,G4-21)

Sustainability Issues of the group of Companies		Sustainability Issues pursuant to GRI (G4-19)	Scope of Impact (G4-20, G4-21)		
			on internal units of the Company	on stakeholders outside the Company	related external stakeholders
1. Sustainable business operation	<ul style="list-style-type: none"> <li>- proper strategies</li> <li>- risk management and internal control</li> </ul>	<ul style="list-style-type: none"> <li>- strategy making process</li> <li>- corporate governance</li> </ul>	/	/	shareholders, creditors, farmers
2. value-chain management	<ul style="list-style-type: none"> <li>- raw materials procurement</li> <li>- procurement of goods and contractors</li> </ul>	<ul style="list-style-type: none"> <li>- evaluation of farmers and suppliers regarding environment aspects, labor protection and human rights</li> </ul>		/	farmers, suppliers, contractors
3. Corporate governance	<ul style="list-style-type: none"> <li>- corporate governance</li> <li>- business ethics</li> <li>- measures against fraud and corruption</li> </ul>	<ul style="list-style-type: none"> <li>- implementation of corporate governance policy and Manual on measures against fraud and corruption</li> <li>- recognition of integrity</li> <li>- corporate culture formulation</li> </ul>	/	/	shareholders, staff, farmers, suppliers, customers, society
4. Efficient use of energy	<ul style="list-style-type: none"> <li>- reduction of energy use</li> <li>- optimization of energy use</li> </ul>	<ul style="list-style-type: none"> <li>- measurement of used energy</li> <li>- energy management</li> </ul>	/	/	Community, government units
5. Environmental management	<ul style="list-style-type: none"> <li>- reduction of emission</li> <li>- management of industrial waste</li> </ul>	<ul style="list-style-type: none"> <li>- environment standard</li> <li>- community grievances</li> </ul>	/	/	Community, government units, customers
6. Occupational Health and Safety	<ul style="list-style-type: none"> <li>- safety of staff</li> <li>- safety of machinery and equipment</li> <li>- emergency management</li> </ul>	<ul style="list-style-type: none"> <li>- occupational health and safety</li> <li>- checking of machinery and equipment</li> <li>- safety manual compliance</li> <li>- handling emergency</li> </ul>	/	/	Staff, suppliers, government units
7. Quality and Satisfaction of staff	<ul style="list-style-type: none"> <li>- Personnel Development</li> <li>- Keeping of personnel and recruitment</li> <li>- benefits and welfare</li> </ul>	<ul style="list-style-type: none"> <li>- training</li> <li>- staff recruitment</li> <li>- succession plan for high ranking staff</li> <li>- relationship management between employer and employee</li> </ul>	/		Staff, customers
8. Responsibility to community and society	<ul style="list-style-type: none"> <li>- good relationship with community</li> <li>- solution of problems to community</li> </ul>	<ul style="list-style-type: none"> <li>- steady relationship building</li> <li>- increase of quality of life to community</li> </ul>	/	/	Farmers, community, government units, customers

## Stakeholders related to the group of companies (G4-25)

The group of companies has categorized the stakeholders both inside and outside the companies into 8 groups, namely, cane farmers, shareholders, suppliers/contractors, customers, financial institution creditors, community/society, government units (including government agencies and local administration) which are consistent with the group of stakeholders as prescribed in the Corporate Governance Policy (1st revision). Each group of stakeholders has different expectation and receives different impact from the operation of the companies. The group of companies has considered the matters thoroughly in formulating sustainability information that is shown in the Annual Report.

Table of Stakeholders (G4-24, 26, 27)

Groups of Stakeholders (G4-24)	Behavior/incidents of interest (G4-26)	Issues received form the stakeholders (G4-27)	Referred to the Annual Report
cane farmers	<ul style="list-style-type: none"> <li>- farmer visit</li> <li>- farmer meeting</li> <li>- invitation to company ceremony or activities</li> </ul>	<ul style="list-style-type: none"> <li>- more promotion in terms of technology and revolving fund</li> <li>- rapid discharge of sugar cane at the factory</li> <li>- farmers' cooperation</li> </ul>	Topic Value - chain management Page 188
shareholders	<ul style="list-style-type: none"> <li>- Annual General Meeting</li> <li>- Annual Report</li> <li>- disclosure of information to Stock Exchange of Thailand</li> <li>- Quarterly meeting with analysts (Opportunity Day for investors (Opportunity Day)</li> <li>- communication to various channels e.g., telephone, emails, website</li> <li>- inquiry or complaints through provided channels</li> </ul>	<ul style="list-style-type: none"> <li>- appropriate and steady return of investment</li> <li>- prudent investment</li> <li>- transparency and accountability</li> </ul>	Topic Right of Shareholder Page 39
Suppliers / contractors	<ul style="list-style-type: none"> <li>- meeting and seminars communication to various channels e.g., telephone, emails, website</li> <li>- complaints through provided channels</li> <li>- attending activities of the companies</li> </ul>	<ul style="list-style-type: none"> <li>- fair and transparent procurement</li> <li>- timeliness of job reception</li> <li>- timeliness of payment for goods /fee</li> <li>- work safety</li> </ul>	Topic Right of Suppliers Page 41
customers	<ul style="list-style-type: none"> <li>- visiting customers</li> <li>- inviting customers to visit factories</li> <li>- survey of customers' satisfaction</li> <li>- communication to various channels e.g., telephone, emails, website</li> </ul>	<ul style="list-style-type: none"> <li>- complaints through provided channels</li> <li>- acknowledgment of customers' need</li> <li>- quality improvement of products</li> <li>- improvement of delivery</li> <li>- improvement of after sale service</li> <li>- compliance with human rights principles, environment standard and labor standard</li> </ul>	Topic Right of Customers Page 71 Topic Value - chain management Page 189

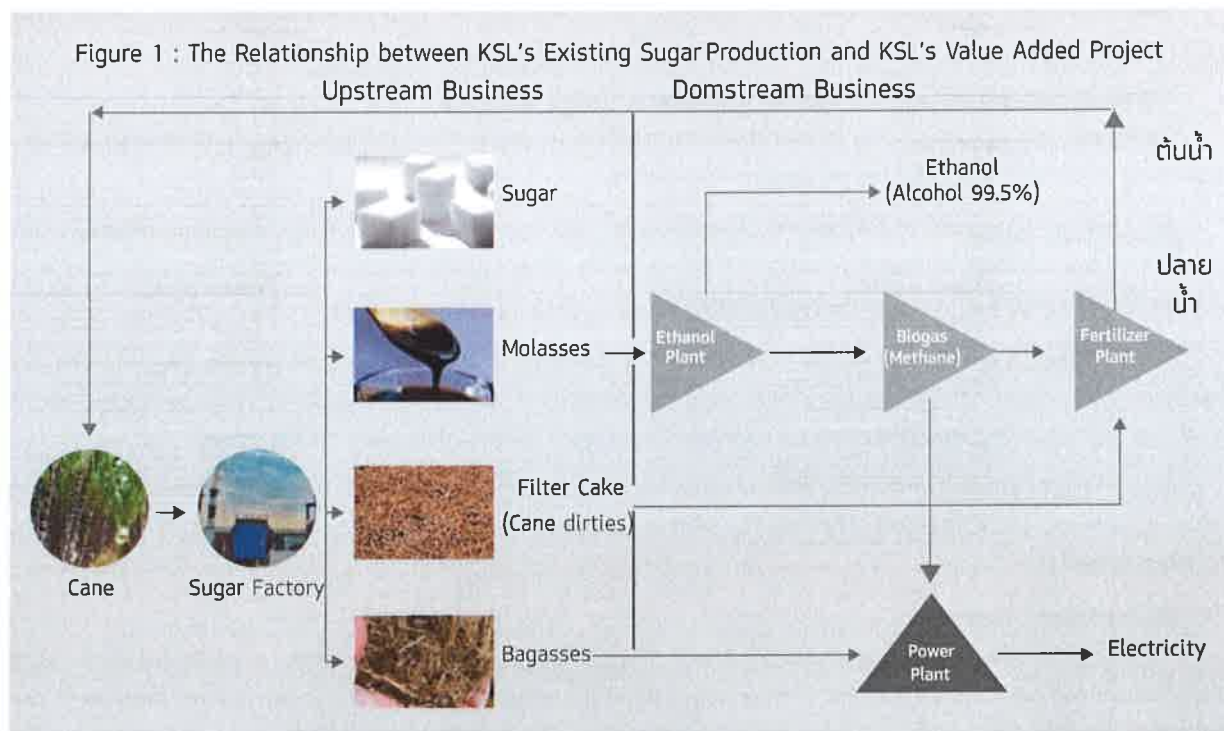
Groups of Stakeholders (G4-24)	Behavior/incidents of interest (G4-26)	Issues received from the stakeholders (G4-27)	Referred to the Annual Report
Financial institution creditors	<ul style="list-style-type: none"> <li>- Annual Report</li> <li>- Financial statements</li> <li>- disclosure of information for credit analysis</li> </ul>	<ul style="list-style-type: none"> <li>- timeliness of payment</li> <li>- use of appropriate financial service</li> </ul>	Topic Right of Creditors Page 42
staff	<ul style="list-style-type: none"> <li>- Newsletter</li> <li>- intranet ,video-conference meeting / seminar / training</li> <li>- annual division meeting</li> <li>- meeting between supervisors and staff</li> <li>- annual employee evaluation</li> </ul>	<ul style="list-style-type: none"> <li>- competitive benefit and remuneration</li> <li>- promotion through career path</li> <li>- self- development recognition from supervisor and colleagues</li> </ul>	Topic Right of Employees Page 41 Topic Management and Personnel Development Page 194-195 Topic Responsibility to Community and Society Page 196
Community / society	<ul style="list-style-type: none"> <li>- regular interaction with community</li> <li>- attending community's activities</li> <li>- advice on occupational opportunity to community</li> </ul>	<ul style="list-style-type: none"> <li>- reduction of impact from factory to community</li> <li>- support to community's activities</li> <li>- elevation of community's living standard</li> </ul>	Topic Right of Community and Environment Page 42-43
Local administration / government units	<ul style="list-style-type: none"> <li>- attending and supporting activities</li> <li>- coordination with government agencies</li> <li>- permission or license seeking as required by law</li> </ul>	<ul style="list-style-type: none"> <li>- compliance with laws</li> <li>- cooperation with government agencies for local development</li> <li>- abolition or reduction of environmental impact on community</li> </ul>	Topic Local administration/ government agencies Page 43

## Economy Aspects

**1. Sustainable Business Operation.** The Company is well aware that, in doing business sustainably, there must be a good balance between business stability (including yearly profit and long-term growth of business) and care of environment, society and corporate governance.

As for business stability, the Company has operated its business in line with the vision and strategies and reviewed or solved the problems to respond to the goals within the framework of corporate governance. The Policy has set a clear path that the Company's business process must not create environmental and social problems and shall promote activities that help protect environment and develop society simultaneously.

## 2. Value-chain management (G4-12)



### The first part - sugar cane

The group of companies produces sugar from main raw material - sugar cane. The Companies regard cane farmers very important stakeholder. In 2015-2016, the companies set up a project-iCane (Intelligence Cane System)

The project is meant to develop quality and efficiency of promotion for farmers and cane growing by applying information technology innovation to improve the process so as to be able to respond the farmers' need and to enhance the efficiency of service for the farmers.

### Project iCane consists of four sub-projects.

- **Project iFarm** by KSL Ranger Team This is a pilot project for cane planting using Precision Agriculture technology to manage the farming by using satellite and GPS co-working with large machinery, including the calculated use as needed of fertilizer which is suitable to the land condition in order to reduce the expense, to add productivity and to increase sustainable profit.
- **Project iMap.** This is a tool to manage data upon on-line map to support the work of sugar cane growing promoting staff and to analyze farming data so as to make the most efficient and effective sugar cane planting.
- **Project iForm.** This is a paperless project to promote the use of e-paper so as to reduce the use of papers and to accelerate the delivery of documents on real time basis.
- **Project iCash.** The project aims to develop the process of approving facilities to be accurate and fast so that the farmers will get the benefit of timely revolving fund.

As to the activities with farmers, the companies together with local administration agencies organize an annual party and meeting and invites farmers to participate in the activities. Apart from that, there are sub-meetings in each region to communicate with farmers regarding the policy and rules set by the factories during crushing season and to disseminate knowledge in respect of productivity in a sustainable way.



### **The second part – Factory**

Before the sugar cane is delivered to the factory, the factory must be ready for the production process of sugar manufacturing.

#### **The production process which is deemed important is divided as follows.**

Before the crushing season The factory shall hold meeting for preparation and machinery maintenance including approving projects necessary for the preparation for crushing.

The crushing season The factory shall accept the sugar cane from the farmers 24 hours. A team of engineers shall stand by all day to ensure that the machinery shall run smoothly without downtime and that the farmers shall not have to wait to discharge the sugar cane to the production line.

The Off-crushing season The factory shall re-melt the raw sugar to make sugar as ordered by the customers. The quality of white sugar and refined sugar shall meet the standard of the Ministry of Industry (TISI 56-2522 while the quality of raw sugar shall meet the standard set by the Department of Agriculture or by the customers.

The post melting period The factory shall examine the machinery if they need repair or maintenance. The machinery which is outdated and causes delay in production shall be adjusted or changed as the case may be in order to be ready for the next season.

### **The third part – Customers**

The product after passing the production line is sugar which may be in different types, namely, raw sugar, white sugar and refined sugar. As 100 % of the customers are industrial customers, the Company has set a governance policy and guidelines regarding the customers as a stakeholder that the Company shall apply international standard of quality management e.g., ISO 9001:2008, FSSC 22000, GMP, HACCP, HALAL, KOSHER, TISI 56-2522 to make the utmost satisfaction to customers in terms of quality and product standard, timely delivery, international standard service and strict confidentiality keeping as has provided consistent business ethics to ensure responsibility and long-term relationship with the customers.

The Company regularly communicates with the customers through various channels and visits the customers to know the need of the customers as well as to give useful information to the customers. The Company invites the customers to visit and audit the work system of the Company and the factories so that the customers can consider potential and readiness of the Company as a seller in accordance with the customers' standard. The Company provides the customers' satisfaction yearly survey as a part of ISO 9001 and takes into account the Customers' observation to improve its service and production, e.g. delivery, quality, after sale service, etc. Besides, the Company provides customers with channels for complaints and recommendations as deemed appropriate by the customers. By average, the Company receives approximately 40-50 times per year of complaints or recommendations regarding the operation of 5 sugar factories.

### **3. Corporate Governance**

The Company considers the corporate governance an essential mechanism for the Company to administer a good relationship with all stakeholders, namely, shareholders, staff, farmers, suppliers, customers, community and government agencies. The Company therefore has a clear policy of corporate governance regarding each group of stakeholders so that the operation shall be subject to transparency, accountability, efficiency and responsibility to society and environment.

This report alludes to the Corporate Governance Policy and the governance at page....

### **Environmental Aspects**

#### **4. Efficiency in Energy Use (G4-EN3)**

The group of companies regards the management of energy and climate change as important matters to prevent any effect to community, environment and cost-saving related to energy. Furthermore, the stakeholders also emphasize in issues related to climate change and global warming caused by greenhouse gas emission.

#### Ratio of Utilizing Energy in 2016

Activities	Used Energy (GJ)	Power Energy (GJ)	Alternative Energy* (GJ)	Total (GJ)
Sugar Business	127,365	7,605,688	7,285,599	15,018,652
Power Plant Business	63,977	21,584,376	8,615,120	30,263,473
Alcohol Business	22,107	47,423,576	0	47,445,683
Total	213,449	76,613,640	15,900,719	92,727,808

\*Alternative Energy means bagasse from sugar manufacturing process

#### Greenhouse Gas Management (G4-EN 15,G4-16)

The group of companies conducts measures to reduce greenhouse gas, both direct and indirect, to reduce energy use in sugar manufacturing process and in office. Also, there is a promotion to reduce energy use along with increasing area for containing greenhouse gas by increasing green area in factory, reforestation and to promote activities related to community forest across country by cooperation with government agencies and other organizations.

#### Ratio of greenhouse gas emission during October 2015 - October 2016

Activities	Greenhouse gas emission (direct) (Ton of CO <sub>2</sub> )	Greenhouse gas emission (indirect) (Ton of CO <sub>2</sub> )
Sugar Business	25,460,859	1,303,339
Power Plant Business	28,445,407	3,485,278
Alcohol Business	1,605,591	3,829,470
Total	55,511,857	8,618,086

### 5. Environment Management

#### Water Management (G4-EN8)

Water pumping from raw water source is classified into 2 portions, namely water in manufacturing process and water in office. Wastewater from sugar manufacturing process is mainly water from cooling system used in exchanging temperature. Wastewater will be transmitted into treatment system by sedimentation and deposition and then reduced temperature approximate with nature, before emission from factory, in order to ensure water quality as emitted in line with required standard such as standards of Royal Irrigation Department and Ministry of Industry. The process is meant to prevent adverse effect to biological diversity of water source. For water used in office, after standard treatment, the treated water will be used in watering system, agriculture demonstration plot and wetlands.

	Surface Water (Million Cubic Meters)	Underground Water, (Million Cubic Meters)	Total (Million Cubic Meters)
Sugar Business	5,458,385	11,846	5,470,231
Power Plant Business	1,902,363	14,919	1,917,282
Alcohol Business	297,490	0	297,491
Total	7,658,239	26,766	7,685,004

The group of companies has measures to control quantity of water for best utilization by applying with 3R as follows;

- Reduce: Reducing quantity of using water in factory during crushing period, by using condensate water (water derived from condensed steam) in manufacturing process to reduce the use of soft water, controlling proper blow down rate of steam boiler and controlling the use as necessary of soft water to reduce using chemical/water.
- Reuse: Reusing water/using water effectively; water from cooling system (condenser water) will be used with water system to get rid of ash from steam boiler, to wash boiler, to clean floor of factory; reusing water from cooling system of operating room; taking blow down water from cooling tower to blend with condenser water system.

- Recycle: used water will be treated and used in condenser cooling system, fire protection system, spraying bagasses, spraying truck parking ground to prevent dust and watering trees and green areas to ensure limitation of quantity of drainage out into environment as necessary, The group of companies installs treatment system suitable with wastewater in each type to be effective in treatment system and to get post-treatment quality water in order to prevent effect to water source and utilization by the community

#### Air Pollution Reduction (G4-EN21)

The group of companies materializes the reduction of impact occurring from operation and also realizes the importance of being with community surrounding the factory by closely measuring the amount of gas emission as required by law, inspecting operation related to environment aspects to be in line with plan and target to ensure that the impact on the surrounding community shall be minimized and the operation shall be respectively improved.

	Quantity of Pollutant emitted from Factory		
	Dust (Ton)	(SO <sub>2</sub> ) (Ton)	(NO <sub>x</sub> ) (Ton)
Sugar Business	375	89	380
Power Plant Business	128	117	1,493
<b>Total</b>	<b>503</b>	<b>206</b>	<b>1,873</b>

Note : no report of ethanol business because of no burning process

#### Industrial Solid Waste Management (G4-EN23)

To ensure least quantity of remains from manufacturing and maintenance process to be disposed, the group of companies controls the use of raw materials and equipments for maintenance effectively and selects the method of disposing remains with minimal effect against environment. Each factory is careful about selecting the waste management provider and its careful disposal method which must be in compliance with the laws.. Furthermore, the factory keeps monitoring the disposal of the waste management provider to ensure that the waste will be managed correctly and properly, in accordance with standard Ministry of Industry.

Type	Qualification	Method
General Waste	Non-hazardous Waste	By hiring local government organization to dispose in accordance with sanitation rules
Waste from Manufacturing Process	Non-hazardous Waste	By hiring waste management provider as approved by Ministry of Industry to dispose unused waste in each type.
	Hazardous Waste	By hiring waste management provider as approved by Ministry of Industry to dispose unused waste in each type.

#### Quantity of unused waste

	Non-hazardous Waste (Ton)	Hazardous Waste (Ton)
Sugar Business	1,172	155
Power Plant Business	1	2
Alcohol Business	5	3
<b>Total</b>	<b>1,179</b>	<b>159</b>

## Waste Management

Method	Non-hazardous Waste (Ton)	Hazardous Waste (Ton)
Reuse/Recycle	1,001	0
Disposal	176	78
Landfill	0	0
<b>Total</b>	<b>1,177</b>	<b>78</b>

## Social Aspects

### 6. Safety and Occupational Health (G4-LA6)

The Company regards the importance of safety and hygienic conditions in the workplace both at the office and factories and sets up a Committee on Safety, Occupational Health and Environment in the factories to take care of the safety and hygienic conditions of the employees by examining the safety in the workplace regularly, installing alarm system within the premises, providing fire extinguishers and fire exit, scheduling annual fire evacuation. The factories additionally build work environment which is safe for employees, contractors and visitors with controlling measures as well as provide training for security staff to build confidence to the stakeholders.

Safety is priority. The group of companies, therefore, sets a target to be the organization without any accident to employees, contractors and all interested parties to prevent any losses to life and property.

Information regarding safety in 2016 is as follows.

Types	Permanent Employees		Contractors	
	Male	Female	Male	Female
Injury Rate - IR (Time)	2.20	0.43	0.86	0
Occupational diseases rate-ODR (Time)	0.74	0.29	0	0
Lost Day Rate - LDR (Day)	11.76	6.22	0	0
Absentee Rate - AR (Day)	635	263	0	0
Fatalities Rate-FR (Person)	0	0	0	0

Note: All rates as shown above are information of KKPWP only.

### 7. Quality and Satisfaction of Employees

Therefore, the group of companies adheres for human resource management by promoting employee potential throughout working period including active recruitment for qualified employees ready to help propel the organization to sustainable growth. The group of companies also focuses on management and personnel development to make the group of companies the organizations at the top ranking which people want to work with.

The group of Companies uses recruitment channels to solicit both insiders and outsiders by appropriate testing and interviewing to ensure that the companies would have persons suitable to the jobs on the basis of capability and right qualifications and non-discrimination against race, nationality, tribes, religion, social status, gender, age, disability, political thought and marital status. The group of companies promotes the employment of disabled persons to give them opportunity of suitable employment. Every new employee has to acknowledge in writing as to the goals and the key indicators of the tasks. The employees who have knowledge and capability shall be promoted in their career path with high expectation in them to Employee is a starting point to drive business towards success. be strong cadre of the entity.

It is true that there is a trend in industry to replace workers with machinery and technology to reduce production cost. Nonetheless, human workers are still important mechanism to propel business particularly in sugar industry which still needs workers in each process ranging from sugar planting, sugar cane harvesting, transportation, production and export. The group of companies is aware of the importance of human resource, therefore, it operates the business with respect to labor rights and human rights.

The group of companies provides welfare and benefits for all level of employees more than those required by law with the purpose to elevate quality of life and stability of the employees, e.g., provident fund, group insurance and accident insurance, welfare loan and supporting fund. The companies promotes the work-life balance of the employees by providing leave varying to years of work with the companies.

As for right and liberty, the group of companies communicates to employees through intranet so that the employees shall get useful information and updated operation of the companies thoroughly and rapidly. The employees are encouraged to express their opinion or to negotiate various matters and take into account their opinions and suggestions which are useful for the employees and the companies.

Employees of all levels are important to the companies no matter of race, religion, gender. All employees are equal and are treated equally. They are entitled to welfare without discrimination. The promotion is done by a committee which consists of executives from different units to ensure transparency and fairness. Besides, the Company encourages the acquisition of knowledge through internal and external trainings so as to cope the future growth. The Company establishes a provident fund for employees and abides by the announced Thai labor Standard 8001-2553 which the Company is certified at the highest level from the Department of Welfare and Labour Protection, Ministry of Labour.

Total Employees	
- Male (Persons)	8,152
- Female (Persons)	2,579
<b>Total</b>	<b>10,731</b>

Divided by positions	
- Executive Level (Persons)	52
- Management Level (Persons)	337
- Staff (Persons)	10,342
<b>Total</b>	<b>10,731</b>

#### Management and Personnel Development (G4-LA9)

The Company sets target to have personnel trained in line with the directions and strategies of the Company so that the employees have potential and efficiency in handling the work and have opportunity to progress in their career paths. The internal training by internal or external facilitators covers matters which are related to the work as well as ethics. The employees may attend external training or seminars to enhance their knowledge. The Company establishes training plan and budget each year and encourages the transfer of knowledge among employees in the group of companies.

The Company regards that an important part of personnel development is to create courses that are necessary for the employees which consist of mandatory courses and courses for potential development.

Mandatory course is either the course that requires all employees to attend or the course that is specially designed for specific group of employees.

#### New Employee Orientation

This course provides basic knowledge about sugar cane industry and the Company's history, culture, structure, management system, and products. With this knowledge, new employees can understand the KSL's work environment and begin to work with their colleague smoothly.

#### Work Place Safety

#### Traning Course on Workplace Safety.

It will make employees aware of hazardous areas in the workplace and learn how to work safely and prevent dangerous accidents. The Company also created a committee to ensure health and environmental safety according to the required standard of 2543.

#### Traning Course on Quality Management System (ISO 9001: 2008)

This course provides relevant employees with knowledge and understanding of the ISO 9001:2008 quality management system. Employees shall learn to master their assigned tasks and responsibilities and follows the required production and quality standard so that customers can have confidence in our products that are managed and produced under internationally accepted standards.

#### Traning Course on Food Safety System (FSSC 22000)

This course provides relevant employees with knowledge and understanding of Food Safety according to the FSSC 22000 standard. Employees shall learn and plan to prevent food contamination to ensure customer's confidence in our products.

#### Thai Labor Standard (TLS 8001-2553)

This course is to provide employees with knowledge and understanding of Thai Labor laws and standard such as freedom of expression, non-discrimination practice, respect for human rights, and workplace health and safety regulations.

#### Team Building Traning Course Based on Sufficiency Economy Philosophy

This training shall increase the effectiveness and efficiency of employees when working in teams, allowing them to get to know each other better and develop good working relationships. The adoption of His Majesty the King's Sufficiency economy principles of moderation, reasonableness, and self-immunity shall help the employees lead a sustainable life.

#### **Traning Courses for Potential Development**

The Company recognized the importance of continuous improvement of its employees' skills and knowledge and therefore provides training courses to enhance those skills and knowledge so that the Company can increase work effectiveness and efficiency of employees at all level.

#### Executive Level

The development courses and training for executive level focuses on new management knowledge and techniques so that the executives can set future direction for the Company, make strategic plan to achieve future goals and in time for the rapid changes in the competitive environment. Examples of courses are: Strategic Thinking and Executives, Directors Strategic Workshop, and Risk Management Workshop.

#### Management Level

The development courses and training for management level emphasizes on general management to make better and more efficient management plan and leadership development for sustainable growth. Examples of courses are: Mini MBA for KSL, HR For Non-HR, The Leader as Coach, Competency for Executive Management, Effective Performance Management System, and Business Continuity Management System.



### Supervisor Level

The development courses and training for supervisor level focuses on increasing their personal skill sets, knowledge of the job operation, art of communication, and team work to improve work effectiveness and efficiency as well as to create positive attitude towards the Company. Examples of courses are: Effective Presentation Technique, Negotiation for Results, KSL Excellence Team, and writing courses for reports and for formal correspondence with government agencies and other businesses.

### Operation Level

The development courses and training for operation level emphasizes on increasing employee's knowledge of their skills and work responsibilities as well as the tools that can help them increase their efficiency. Examples of courses and activities are: 5 Sor, QCC, Workplace Safety, Anti-Corruption and Anti-Bribery Policy, etc.

### One Point Knowledge (OPK) and One Point Lesson (OPL) and One Point Sharing (OPS) Programs

OPK, OPL, and OPS programs are the Company's knowledge management tools. The employees share knowledge in different areas of operations as they learn them through their jobs and outside meetings, conference, and seminars. The written reports submitted by each employee are stored and shared with colleagues within the department and when relevant, shared with the entire organization. These tools are implemented to encourage learning and sustainable organizational improvement that would help the Company's realize its goals more efficiently.

The Company requires all managers to plan a budget and training courses for employees under their supervision as well as to monitor and to make assessment after each course.

### Average Hours of Training per year/per person

Classified by Level	
Level	Hour (s)
- Executive	13.73
- Management	15.21
- พนักงานทั่วไป	7.37

Classified by Sex	
เพศ	Hour (s)
- Male	7.77
- Female	7.60

### **Succession Plan**

The Board of Directors is well aware that the prosperity and development of the entity shall depend upon the personnel of capability and conscience. The Board assigns the management to regard the management and development of personnel as an important matter.

The Company properly selects a person to fill an important administrative position of each level to ensure that the Company will have an executive of competence who is suitable to the position and is capable to manage the work smoothly and to replace another person appropriately. The Board of Directors assigns the Selection and Remuneration Committee collects information and contacts professional institutes to give advice to the succession plan project. The Company has prescribed the succession plan as follows.

1. Identifying important or principal position
2. identifying potential or competence of a principal position
3. analytical process to identify a successor
4. individual development plan

## **8. Responsibility to Community and Society**

The Company has its factories in various regions where they are situated near local communities. As such, the Company regards the existence of communities very important by not causing any burden or trouble to the communities which would result from the operation of the factories. The factory regularly has its staff visit the surrounding communities to explore any trouble which would occur from the operation of the factory. Upon receiving the information, the factory shall solve the problems rapidly. The Company always participates in the activities of the communities or government agencies in the region in order to coordinate and to maintain good relationship as well as provides projects which are useful for the development and need of communities.

Activities conducted directly with the communities and through local agencies are reported in ..... Page .....

## **Activities on Corporate Social Responsibility**

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries mostly organized activities in 2016 with communities where the group of companies operated their factories. In 2016, the group of companies continued the learning of the Sufficiency Economy principles given by the late King Phumibol Adulyadej by establishing Learning Center of Sufficiency Economy in each selected community so that the community shall be strong enough to practice the principles for their self-reliance and to disseminate the principles more broadly.

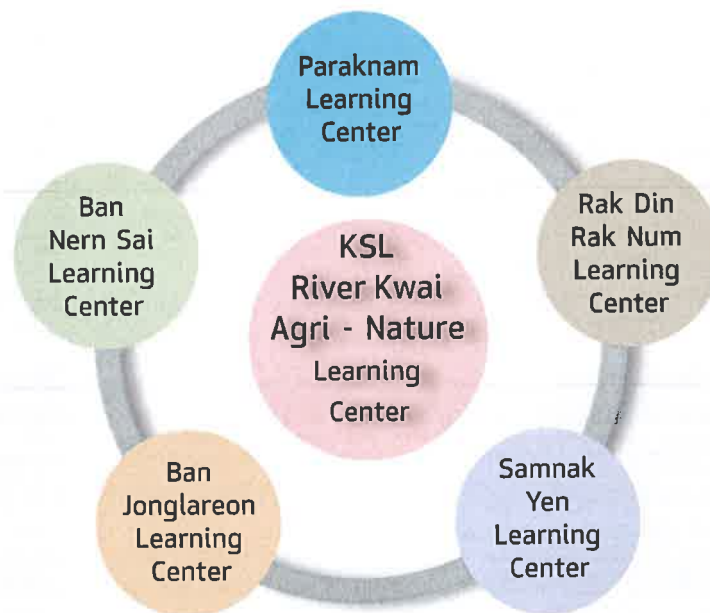
It is more than 40 years that King Bhumibol Adulyadej had given the philosophy of the sufficiency economy to Thai people. At present, it obviously appears that the farmers who adopt the philosophy of the sufficiency economy in agriculture can not only pay their debts and are discharged of grievances but also can turn their own lives and families to experience happiness and stability. Several projects become models and inspiration that help other persons to understand and adopt sufficiency economy agriculture.

Khon Kaen Sugar Industry Public Company Limited is a private organization which has long grown up with community and Thai society.. In 2016, the Company undertook several projects to help society and preserve sustainable environment as follows;

### **1. Sufficient KSL Project – Fulfillment to Growth (selection from 5 factories)**

After beginning of the project "70 years KSL to 70 sufficiency activities" in 2012-2015 (2555-2558) to disseminate the King's discipline and to apply the philosophy of the sufficiency economy in various activities by supporting sufficiency economy learning center to employee, community (house temple and school) and general public so that the participants can practice in real life. The purpose of the activities is growth of business along with sustainable growth of community, society and nation.

In 2016 (2559), The Company approved additional budget to sufficiency economy learning center and selected a number of sufficiency economy leaning centers which were examples of self-reliance with the philosophy of sufficiency economy. The centers are open for study observation and training in five areas, each adjacent to one of the five factories, having KSL River Kwai Agri-Nature Learning Center as center of knowledge management.



- **Tamaka Sugar Industry Co., Ltd. Samnak Yen Sufficiency Economy Learning Center, located at Moo. 1, Samnak Yen Ban, Pratan Sub-District, Tamaka District, Kanjanaburi Province.**

**Samnak Yen Sufficiency Economy Learning Center** In 2015 (2558), Khun Thamruathai Pratan, chairman of female group for recycling, participated in developing project training by adopting philosophy of the sufficiency economy (Tamaka Community) at KSL River Kwai Agri - Nature Learning Center. She was also interested in self-dependence community development and applied knowledge from training to community's way of life. The company supported more knowledge under a project called "Samnak Yen Sufficiency Economy Learning Center" in total of eight stations to do different tasks, as follows;

- To produce household appliances for reducing household expense and for selling.
- To product herb and related product for community to utilize and create work to society
- To raise ducks and chicken and buffalo
- To grow mushroom for household consumption
- To product bio-fertilizer liquid and Composted fertilizer
- To plant Non-Toxic Vegetables for consumption and selling
- To plant 3 types of forest for 4 types of use
- To make charcoal and others.



Survey of Ban Yen Community



Giving knowledge related to herbs



**Distribute Mushroom**



**Villagers give rice to the CEO upon accepting the buffalo "Tanwa"**

The application of knowledge of sufficiency economy to the community way of life and the cooperation between the community and Tamaka Co., Ltd brings about the pride to the community- an national award of the Project 80 royal years - 80 communities free of waste in 2016.



**Zero Waste Competition in Province Level**



**Photo with Chief of Sub-District Administration and volunteers**



**Zero Waste Competition in National Level**



**Committee visits community's operation**

At present, Samnak Yen Sufficiency Economy Learning Center receives more than 2,000 visitors per year from all over the country and shall disseminate the King's discipline to those who are interested.



- **New Krung Thai Sugar Factory Co., Ltd. Jongjaroen Ban Sufficiency Economy Learning Center, Lumrung Sub-District, Borploy District, Kanjanaburi Province.**

**Ban Jongjaroen Sufficiency Economy Learning Center**, led by Khun Wasan Trakulosot - Village Headman, is the first Sufficiency Economy Learning Center of the company which was established from the concept of bringing the philosophy of the sufficiency economy to communities within 5 km-area from New Krung Thai factory and inviting Village Headman to attend training on quality of life development with the philosophy of the sufficiency economy . Khun Wasan was so much interested in sufficiency economy activities that he applied the obtained knowledge to develop his village which later was awarded of sufficiency economy village model. This is an example of the application of knowledge and technology regarding sugar cane planting and reduction of production cost with natural matters.

**Learning Center has following stations with different expertise;**

- To raise chicken, catfishes, frog and pig
- To product compost and utilize from animal droppings
- To produce product for creating income
- To plant non-toxic vegetables
- To reduce using chemical in sugar cane by using bio-fertilizer liquid and animal droppings.



**Reduce using chemical in sugar cane plot**



**Welcome visitors**



**"Ban Chan Mee Dee" Project**



**Receive award "sufficiency economy village model"**

At present, Ban Jongjaroen Sufficiency Economy Learning Center is available for visit by communities and general public. Village Headman Wasan Trakulosot is also available to speak outside the center.

- **New Kwang Soon Lee Sugar Factory Co., Ltd. Ban Nern Sai Sufficiency Economy Learning Center, located at Laokhwan Sub-District, Muang District, Saraburi Province**

**Ban Nern Sai Agri-Nature Learning Center**, led by Khun Kongkol Laboonruang, is center for group to produce Organic Rice in name of "Sammacheep" and distributes knowledge about the principle of sufficiency economy and others such as earth house and compost. In 2015 (2558), New Kwang Soon Lee Sugar Factory Co., Ltd. supported the rice sealer to group of agriculturist for producing better quality rice into market. After that, company joined to improve building structure and other structure within center under the name of "Ban Nern Sai Sufficiency Economy Learning Center" and used completed building to welcome people who are interested to visit the center.



**Khun Kongkol Laboonruang  
(Center Chairman)**



**Multi-Storey Cropping**



**Male - Female Home**



**Learning Station within Center**

The Learning Center held a wrist-binding ceremony to welcome Khun Klanarong Hongjaroen, a newly appointed Sakaew Provincial Governor, at the Learning Center. The Learning Center is now used for sharing knowledge to people in community and others who are interested in.





Provincial Governor visited the Learning Station



Wrist-binding ceremony



Children's Day (2017)



Activities at Learning Center

- **Khon Kaen Sugar Industry PCL. (Wangsaphung) Paraknam Learning Center, located in Moo.10, Nong Hin Tang Village, Nalao Sub-District, Nawang District, Nong Bua Lam Phu Province.**

**Paraknam Learning Center**, led by Khun Wuttichai Saengpitak, center director, is supported by Ministry of Agriculture and Cooperatives. It offers knowledge in several aspects such as the principle of sufficiency economy, planting 3 types of forest for 4 types of use, making charcoal, creating product to save household cost and planting non-toxic vegetables. Also, the center organizes training for community, people who are interested and other organizations, with home and meeting room for stay overnight.



Knowledge Dissemination in making Composted Fertilizer



Training

In 2013, Paraknam Learning Center joined a part of KSL project. The company developed learning stations including supported budget for building renovation to be completed available for those who were interested to learn.

**At present, there are following stations with different knowledge to learn;**

- To use solar cell instead of electric in water pumping for agriculture
- To raise catfishes, frogs and pigs (income for extension area for mushroom)
- To product straw mushroom in eight large area and create income for community
- To product compost and bio-fertilizer liquid to be used in the learning center with support from the company of filter cake and molasses as raw materials and to distribute knowledge to community.
- To utilize useful from forest into charcoal and collecting wood vinegar
- To plant mixed cropping for worthy utilizing and balance with environment
- To produce household appliances to reduce household expenses



**Sugar Cane Harvest in Center**



**Opening day of the Center**



**Knowledge Dissemination (Field Trip)**



**Following up operation**





**Harvest of straw mushroom for selling**



**Knowledge Dissemination**

Paraknam Learning Center has been available for study tour, observation tour and training more than 2,000 persons.

- **Khon Kaen Sugar Industry PCL. Rak Din Rak Nam Learning Center, located in Hua Bung Village, Pang Tui Sub-District, Nam Phong District, Khon Kaen Province**

**Rak Din Rak Nam Learning Center**, led by Khun Suwimol Moolsradoo (Teacher), is a location for group of community members to plant non-toxic vegetables for consumption and selling. This location was formerly used for raising cattle and planting sugar cane for factory only. In 2008, Khun Suwimol and others in community attended a training about the principle of sufficiency economy at Mab-Ueang Agri-Nature Center, Chonburi Province and applied knowledge for the Learning Center (Nam Pong District).

After that, Rak Nam Rak Din learning center was not managed due to Khun Suwimol's health problem and water shortage used for agriculture. The company realized such problem and aimed to improve Rak Nam Rak Din learning center again. In 2015, Rak Nam Rak Din learning center became part of KSL project- "70 Years KSL to 70 sufficiency projects".



**Support water storage tank for Agriculture**



**Visit Rak Nam Rak Din Learning Center**



**Non-toxic vegetables for community**

In 2016, Rak Nam Rak Din learning center opened project "developing community by the principle of sufficiency economy" supported by Khon Kaen Sugar Industry PCL.



**Activities**



**Produce Product to reduce household expenses**



**Meeting with agriculturist by Factory Manager**

On October 3<sup>rd</sup> 2016, the center welcomed a group of academics from foreign countries in preparation for 29<sup>th</sup> International Society of Sugar Cane Technologists Congress for visiting activities related to sufficiency economy and culture of Northeast Region (of Thailand), The visitors were all impressed with the activities.





Warm welcome with Northeast Tradition



Rice threshing



Making Bio-fertilizer



Making charcoal and collecting wood vinegar



Northeastern Culture



Making massage tool and herbal balm

## 2. Activities for Sufficiency Economy Learning Center to Community

### • Tamaka Sugar Industry Co., Ltd.



Sufficiency Economy Learning Center  
(Ban Khaokhlung)



Sufficiency Economy Learning Center  
(Ban Thatakrow)

### • New Krung Thai Sugar Factory Co., Ltd.



Sufficiency Economy Learning Center to Factory



Sufficiency Economy Learning Center  
(Thairath Wittaya School 21)





Sufficiency Economy Learning Center  
(Ban Nong Mu School)



Sufficiency Economy Learning Center  
(Ban Yang Sung)

• New Kwang Soon Lee Sugar Factory Co., Ltd.



Sufficiency Economy Learning Center  
(Ban Huachang)



Sufficiency Economy Learning Center  
(Ban Nong Huachang)



Sufficiency Economy Learning Center  
(Ban Pong Kom School)



Sufficiency Economy Learning Center (Ban Kut Muang)

- Khon Kaen Sugar Industry PCL



Sufficiency Economy Learning Center (Ban Sanambin)



Sufficiency Economy Learning Center (Ban Wangchai)



Sufficiency Economy Learning Center (Ban Dongyen)



Sufficiency Economy Learning Center to Factory  
(Employee Housing)

- Khon Kaen Sugar Industry PCL (Wangsaphung)



Sufficiency Economy Learning Center (Paraknam Center)



Sufficiency Economy Learning Center (Suanrunghthip)





Sufficiency Economy Learning Center (Sumjaroen)

## 1. Regular meeting with community

### 1.1 Activities for organization and society

- Visiting community in Sufficiency Economy Learning Center



### 1.2 Factory

- Public relation activities, field trip to hear opinions from community surrounding factory (Picture: public relation activities of Khon Kaen Sugar Industry PCL (Wangsaphung))





## 2. Participating in activities of community

### 2.1 Activities for organization and society

- New Kwang Soon Lee Sugar Factory Co., Ltd. supported establishing "SA Kaew Happiness Model" learning center.



- KSL River Kwai Agri-Nature Learning Center made merit and kathin ceremony to pay respect for King Bhumibol Adulyadej at Mor Tao Temple, Muang District, Kanjanaburi Province.





## 2.2 Factory

- Tamaka Sugar Industry Co., Ltd. Dam Construction at Srisawat District, Kanjanaburi Province



- Khon Kaen Sugar Industry PCL. (Wangsaphung). Cleaning Public roads at Ban Wang Hai, Nong Ya Plong Sub-District, Wangsaphung District, Loei Province



- Khon Kaen Sugar Industry PCL. "Amphoe yim kluen Thee" activity at Nam Pong District, Khon Kaen Province



- New Krung Thai Sugar Factory Co., Ltd. paid homage and respect to King Bhumibol Adulyadej at Lum Rang Sub-District, Bo Phloi District, Kanjanaburi Province



### 3. Giving advice in creating career for community

#### 3.1 Activities for organization and society

- Supporting group of community enterprise such as community enterprise (Ban Somnakyen)



#### 3.2 Factory

- Knowledge dissemination to produce products to save household expenses via public relation activities and cooperation with technology transfer center in community (Picture: Khon Kaen Sugar Industry PCL. (Wangsaphung))





#### 4. Impact Reduction from factory to community

##### 4.1 Factory

- On site health check of factory (Picture: Khon Kaen Sugar Industry PCL)



#### 5. Supporting activities of community

##### 5.1 Factory

- Supporting fund for activities of community, temple and school



#### 6. Raising better livelihood of community

Raising livelihood of community is conducted by learning from KSL River Kwai Agri-Nature Learning Center and via network of Sufficiency Economy Learning Center.



Welcome group of visitors from  
Klongyang District, Krabi Province



Standard Organic Agriculture Training



Training for Employees



Training for students from King Monkut's Institute of  
Technology Ladkrabang

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