

Pursuing Innovation Excellence,
Extending New Opportunity



KTIS
More Than Sugar

Annual Report 2016

รายงานประจำปี 2559





ขอน้อมเกล้าฯ สักเสด็จสู่สวรรคาลัย
น้อมรำลึกถึงพระมหากษัตริย์คุณและร่วมถวายความอาลัย
พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช
มหิตลาริเบศร์รามาริบดี จักรีนทุบดินทร
สยามินทราริราช บรมนาถบพิตร



ด้วยเกล้าด้วยกระหม่อมขอเดชะ
ข้าพระพุทธเจ้า บริษัท เกษตรไทย อินเตอร์เนชั่นแนล ซุการ์ คอร์ปอเรชั่น จำกัด (มหาชน)



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Vision

KTIS Group is a leading organization with an outstanding world-class identity. It has maintained good governance, integrated closely with agricultural and industrial industry, maintained social awareness, added values and quality to sugar and its by products, and utilized clean and eco-friendly energy to sustain stability.

Mission

- ▶ The company operates its businesses with keen knowledge and experiences, creative ideas and professionalism in order to generate innovation and value to its products and services ranging from upstream to downstream.
- ▶ The company creates a sustainable source of raw materials in order to support a fully integrated business network for the production of high-quality products as well as the generation of clean and eco-friendly biomass energy.
- ▶ The company conducts its business with high ethics and integrity while maintaining good governance in both existing and new business investments for valuable return in both financial and non-financial forms back to the community, investors, customers, employees, farmers and stakeholders.

**The sustainability of KTIS
is dependent on the success
of sugarcane farmers**

Financial Highlights

	2014	2015	2016
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Income Statements (Million Baht)

Sales & Services Revenues	20,120	19,328	15,006
Sugar	14,849	14,352	10,888
Molasses	796	766	448
Compensation for Cane and Sugar Fund	-	222	-
Electricity	616	538	700
Ethanol	1,740	1,639	1,634
Pulp	1,598	1,305	896
Others	521	505	439
Other Income	229	116	81
Total Revenues	20,349	19,444	15,087
Net Profit	1,366	730	(513)

Balance Sheet (Million Baht)

Total Assets	18,690	18,793	16,053
Current Assets	7,767	5,578	4,218
Non-Current Assets	10,923	13,215	11,835
Total Liabilities	10,117	10,101	8,231
Current Liabilities	7,182	4,949	3,643
Non-Current Liabilities	2,936	5,152	4,588
Total Shareholders's Equities	8,572	8,692	7,822

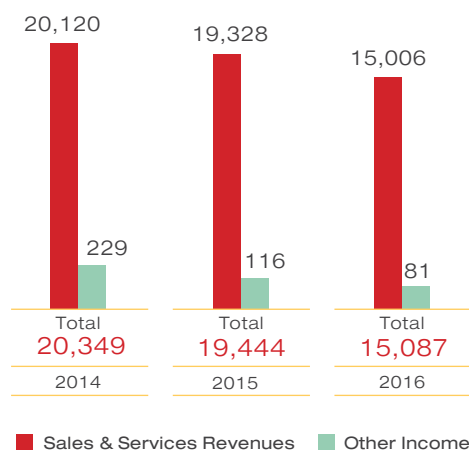
Ratio (Times)

Current Ratio	1.08	1.13	1.16
D/E	1.18	1.16	1.05

3 Years Financial Highlights

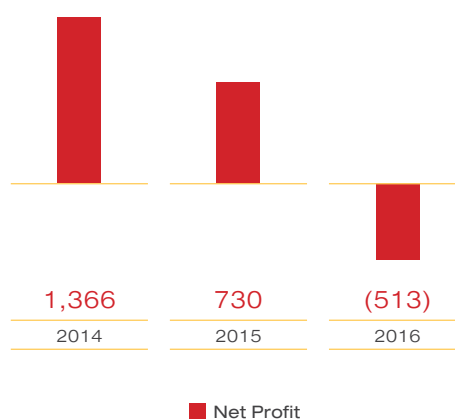
Total Revenues

Unit : Million Baht

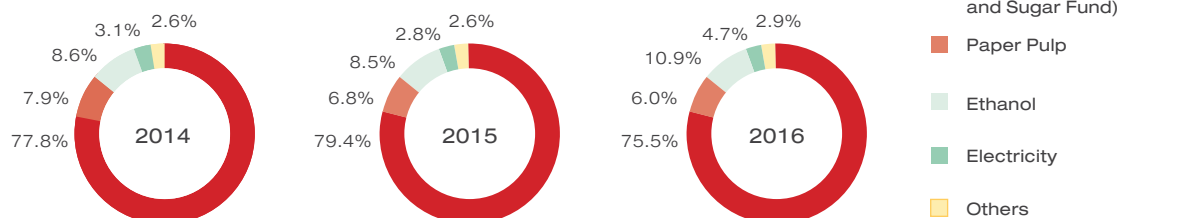


Net Profit

Unit : Million Baht

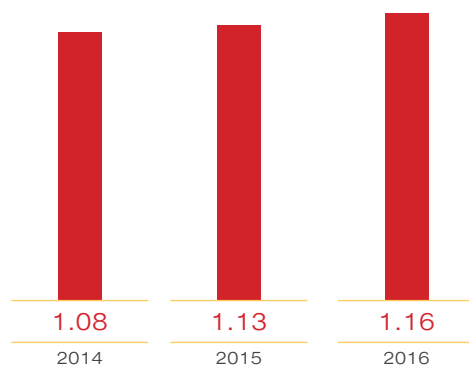


Sales & Services Revenues



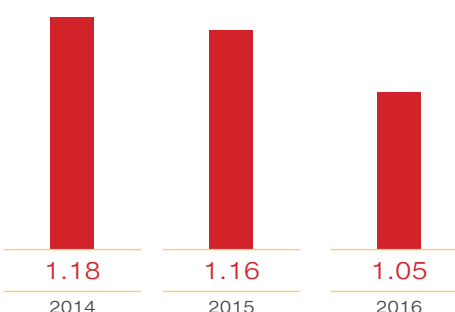
Current Ratio

Unit : Times



D/E Ratio

Unit : Times





Messages from the Chairman

To Shareholders,

As the slowdown of the global economy and deflation in several countries, it is necessary for private sector to manage and invest in business carefully. There are some positive factors as central banks have a tendency to strengthen the monetary easing policy on global scale, new economic stimulus package, and low oil price. On the other hand, some negative factors are caused by political risk of European Union, results of UK's Brexit affect to banking, anxiety on bad debt of EU countries, slowdown of economy of China and Japan, etc. while U.S.A., a powerful country of the world has received a new president who will lead future world's economy. Accordingly, it is necessary to pay attention to the effects and prepare business plans to build some opportunities for company's growth.

Simultaneously, Thai government issues some policies to stimulate Thai people's money spending and investment in public transportation, as well as directs industrial development progressively by promoting investment in Special Economic Zone in order to strengthen Value Chain. In addition, the government intend to promote the economic development at regional and local level. Our company group are classified as the integrated agribusiness zone covering from upstream to downstream. This is considered as a good opportunity for further business development.

In 2015/16 was a drought year. Therefore Thailand crushed a total of 94.05 million tons of sugarcane with average yield at 10.4 kilograms of sugar per sugarcane ton. Then the total amount of sugar was 9.78 million tons. Compared with the previous year, sugar cane amount was 105.96 million tons with yield at 10.67 and sugar output was 1.13 million tons, 2015/16 crop was significantly decreased. In addition to Thailand, Indonesia, China, and some Asian counties also faced with such problem. Several institutes and analysts estimated that sugar supply and demand balance would be around 8-9 million tons of deficit in 2016/17, which led the increasing in price of sugar in the world market for 2016/17 by 30%-40%. This would be a good influence on sugar business.

In the pulp production industry, the sales was decreased by the effect of lower world price. However, it is able to earn a certain level of profit. In the ethanol business, the price was quite low at the beginning of the year 2016 and higher cost of materials. But at the second half of the year 2016, the price recovery due to higher demand generated enough turnovers to meet with our action plan and supported the group's business for 2017. While power generation business still makes profit, fertilizer and soil improvement business starts to show good performance. Our company group expects that bio-energy still has a bright future.

According to this year's operating performance, sugarcane and sugar business, which generates the main income of our company, has already passed from the worst crisis of this industry, i.e., low sugar price of world sugar and severe drought giving big effect to sugarcane quantity. However, our company group was able to manage our business carefully, consciously, and stably. The better rainfall from the middle of year 2016, would cause the higher quantity and quantity of sugarcane than previous year. Moreover, the world sugar price was recovered as mentioned. I believe that our company group will implement guidelines which was built from such crisis to manage our business to be stronger and developed further for the good opportunities with explicit signal.

Finally, I would like to thank all shareholders, directors, executives, employees, and related organizations for assisting and supporting our business continuously. I believe in vision and long experience of KTIS group as well as all of you lead sustainable growth of our business.



Mr. Pricha Attavipach
Chairman of the Board

Messages from the Chief Executive Officer – KTIS Group

Dear Shareholders,

During 2–3 years, KTIS Group had passed the most severe crisis in Thailand sugarcane industry caused by low sugar price in the world market and drought that effected the reduction of quality and quantity of sugarcane which occurred simultaneously, whereas, the up and down cycle of sugar business had been happened as normal. With the continuous development to counter these situations, KTIS Group become stronger and create good immune system for the stably growth of business. Based on the signal of higher world sugar price and good rain during the end of the year, encourage the confident to the sugar factories and sugarcane farmers for the good performance in the coming year.

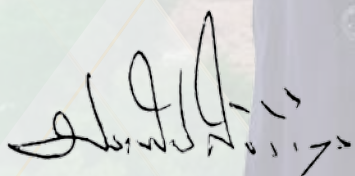
As Thailand sugar products will be allocated for domestic sale about 25–30% and export sale 70%–75% so the revenue recognition of KTIS Group on sugar sale is flexible for both domestic and international market. Since sugar is considered as a kind of product with high demand among Asian countries (e.g., Indonesia, Vietnam, Laos, Myanmar, China, India, Philippines, Malaysia, countries in Middle East, etc.) and Thailand location is also the stronghold on transportation due to shorter distance and save cost which is important competitive advantage. Additionally, the continuous development of product production and quality will lead Thailand to be more stable and stronger sugar industry.

Currently, changing of the world market's sugar price caused by speculators and funds highly varies price direction other than fundamental factors. Subsequently, sugar industry is developed by seeking for additional income through some continuous production industries, for example, power generation, ethanol production, pulp production, and fertilizer production, considered as the direction that meets with government policies in Thailand 4.0 period when Thai government realizes on problem of the economic stagnation. Moreover, our neighboring countries have also developed themselves continuously. Therefore Thai government defines 10 targeted industries of Thailand for attracting private sector to invest in these industries as well as for encouraging employment and adjusting new economic structure to have higher level of competitive benchmarking by issuing some measures to support rights and benefits of investment from The Thai Board of Investment (BOI) in high level. By improving 5 First S-Curves with agriculture and bio-technology and processed food as one of such First S-Curve as well as 5 New S-Curves included with biofuel-biochemical as one of such industry which KTIS Group also has prepared the operation to be consistent with those policies of government.

Additionally, the structural changing of sugarcane and sugar industry is also under the direction as expected by KTIS Group which would be beneficial for sugarcane and sugar industry in building business opportunities. According to approval of Thai government in adjusting structure of sugarcane and sugar industry throughout the system, Ministry of Industry has assigned the action plans throughout the system from 2016 – 2021 in order to be consistent with the commitment and agreement under WTO by defining action plan, goals, operational activities, and operational duration for restructuring Sugarcane and Sugar Act, related laws and regulations. These should be improved to cover the use of sugarcane for producing ethanol and other continuous products, improving productivity of sugarcane and sugar, aiming to reduce the quantity of burned sugarcane within 5 years, producing some products or soil nutrients from factory's waste, improving productivity of power generated from sugarcane, utilizing agricultural machines in growing sugarcane for reducing cost while improving productivity, managing water system efficiently, providing loan with low interest to farmers and factories for purchasing devices and tools for production, establishing some sugarcane and sugar development and research institutes for improving potential and capability in long-term competition, for example, Sugarcane Varietal Improvement Agricultural Research and Development Center, Soil Development and Research Center, Water and Fertilizer for Improving sugarcane productivity, etc.

KTIS Group builds business from sugarcane while promoting over several thousand families of sugarcane farmers by supporting finance, knowledge, and training equipment, as well as monitoring sugarcane farming closely until we are confident that our sugarcane farmers will be successful with their sugarcane farming and have a better quality of life. Such operation enables KTIS Group to have stable and quality material resources together with utilizing wastes obtained from the system to produce valuable products. Moreover, we also have some guidelines to process products to be various kinds of bio products. However, as agricultural processing industry, it is necessary to encounter with the problem on climate that will affect to materials supply, so we need to develop and control for minimizing effects. It may require investment in irrigation system, ground water well drilling, development of drip irrigation, sugarcane zoning, etc. However, with strategically located place of Thailand and managerial experience of our company group plus with government's economic policies, KTIS Group is able to grow up proudly.

I would like to thank all shareholders, directors, executives, employees, business partners, administrative agencies, community, and society for supporting and believing in KTIS Group continuously. In addition, I am also confident that KTIS Group will have a sustainable growth in the future.



Mr. Parphan Siriviriyakul
Chief Executive Officer – KTIS Group

Board of Directors



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1. Mr. Pricha Attavipach

Chairman

2. Mr. Sirivuthi Siamphakdee

Director Chairman of Executive Committee
Chief Financial Officer – KTIS Group
Risk Management Committee

3. Mr. Parphan Siriviriyakul

Chief Executive Officer – KTIS Group
Risk Management Committee

4. Mrs. Darat Vibhatakalasa

Director Deputy Executive Officer – KTIS group
Nomination and Remuneration Committee

5. Mr. Prasert Siriviriyakul

Director Deputy Executive Officer – KTIS group
Risk Management Committee

6. Mr. Nathapun Siriviriyakul

Director Deputy Executive Officer – KTIS group
Risk Management Committee

7. Mr. Krairit Nilkuha

Independent Director
Chairman of Audit Committee



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8. Mr. T-rayooth Changpetch

Independent Director
 Chairman of Risk Management Committee
 Audit Committee

9. Mr. Issakan Krivithaya

Independent Director
 Chairman of Nomination and Remuneration Committee
 Risk Management Committee

10. Mr. Sathaporn Kotheeranurak

Independent Director
 Audit Committee

11. Mr. Phoonsak Boonsalee

Independent Director
 Nomination and Remuneration Committee

12. Mr. Shunsuke Tsujiyama

Director

13. Mr. Apichart Noochprayoon

Director

14. Mr. Sirapak Siriviriyakul

Director

15. Miss Chua Eng Eng

Director

Directors and Management Biography

Name Mr.Pricha Attavipach
Age 78
Position Chairman and Authorized Director

Education

- » Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- » Master of Engineering (Industrial Engineering & Management), Oklahoma State University

Seminar on Role and Responsibility

- » DCP 39/2004
- » ACP 11/2006
- » FND 8/2004

Shareholding (%) 0.147

Family Relationship among Company's Directors None

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	Chairman	Kaset Thai International Sugar Corporation Pcl.
Present	Chairman	T S Flour Mill Pcl.
Present	Chairman	Thai Sugar Terminal Pcl.
Present	Director	Thai Rung Union Car Pcl.
Present	Director	Siam Cement Pcl.

Non-Listed Companies

Present	Chairman	TSG Asset Co., Ltd.
Present	Chairman	T S Oil Industry Co., Ltd.
2013 – Present	Chairman	Pan-Paper (1992) Co., Ltd.
2013 – Present	Chairman	Ruampol Bio Power Co., Ltd.
2013 – Present	Director	Thaiekaluck Power Co., Ltd.
2012 – Present	Chairman	Siri Charoen Sapraivan Co., Ltd.
2010 – Present	Chairman	Kaset Thai Bio Power Co., Ltd.
2009 – Present	Chairman	S.I. Property Co., Ltd.
2004 – Present	Chairman	Ekarat Pattana Co., Ltd.
1993 – Present	Director	H.C. Starck Co., Ltd.

Director/Management Position in other companies (continue)

Other companies that may cause any conflict of interests to the Company -None-

Working Background

2000 – 2014	Chairman	Ruamkij Angthong Warehouse Co., Ltd.
2008 – 2013	Chairman	Kaset Thai Sugar Industry Co., Ltd.

Name Mr.Sirivuthi Siamphakdee
Age 73
Position Director, Chairman of Executive Committee, Chief Financial Officer, Risk Management Committee and Authorized Director

Education

» Bachelor of Commerce, Banking and Finance, Thammasat University

Seminar on Role and Responsibility

» DAP 54/2006

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	<ul style="list-style-type: none"> » Director » Chairman of Executive Committee » Chief Financial Officer » Risk Management Committee 	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies

Present	Director	The Grand UB Co., Ltd.
Present	Director	Thai Identity Sugar Co., Ltd.
Present	Director	Ruampol Enterprise Co., Ltd.
Present	Advisor to the President of Association	Thai Ethanol Manufacturing Association (TEMA)
Present	Chairman	Thew River Place Condominium Juristic Person
Present	Director	Thai Sugar Miller Co., Ltd.
Present	Director	Kaset Thai Bio Power Co., Ltd.
Present	Chairman	KTIS Bioenergy Co., Ltd.
Present	Director	KTIS Research and Development Co., Ltd.
Present	Chairman	KTIS Biogas Power Co., Ltd.
2013 – Present	Director	Ruampol Biopower Co., Ltd.
2013 – Present	Director	Thaiekaluck Power Co., Ltd.

Director/Management Position in other companies (continue)

2011 – Present	Chairman	Kaset Thai Bio Fertilizer Co., Ltd.
2007 – Present	Director	Ekarat Pattana Co., Ltd.

Other companies that may cause any conflict of interests to the Company -None-

Working Background

2014 – 2016	Chairman	Legal Entity of Liberty Plaza Bldg.
2010 – 2014	Chairman	Legal Entity of Liberty Plaza Bldg.
2010 – 2013	» Director » Chairman of Executive Committee	Kaset Thai Sugar Industry Co., Ltd.
2007 – 2012	Managing Director	Ekarat Pattana Co., Ltd.

Name Mr.Parphan Siriviriyakul

Age 64

Position Director, Chief Executive Officer, Risk Management Committee and Authorized Director

Education

» Honorary Bachelor of Arts, Nakhon Sawan Rajabhat University

Seminar on Role and Responsibility

» DAP 96/2012

Shareholding (%) None

Family Relationship among Company's Directors

- » Father to Mr. Sirapak Siriviriyakul
- » Elder brother to Mrs.Darat Vibhatakalasa
- » Elder brother to Mr.Prasert Siriviriyakul
- » Elder brother to Mr.Nathapun Siriviriyakul

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	» Director » Chief Executive Officer » Risk Management Committee	Kaset Thai International Sugar Corporation Pcl.
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Listed Companies

Present	Director	KTIS Research and Development Co., Ltd.
Present	Director	Hatai Jaroon Ek Holding Co., Ltd.
Present	Chairman of the Advisory	Chaopraya University
Present	Advisor	Viriyalainakhonsawan Vocational College
2014 – Present	Advisor	The Federation of Thai Industries Northern Chapter

Director/Management Position in other companies (continue)

2014 – Present	Director	KTIS Bioenergy Co., Ltd.
2014 – Present	Director	KTIS Biogas Power Co., Ltd.
2013 – Present	Chairman	Sapsirikaset Co., Ltd.
2013 – Present	Chairman	Lopburi International Sugar Co., Ltd.
2013 – Present	Chairman	Lopburi Bioethanol Co., Ltd.
2013 – Present	Chairman	Lopburi Biopower Co., Ltd.
2013 – Present	Director	Ruampol Biopower Co., Ltd.
2013 – Present	Director	3S Holding CO., Ltd.
2010 – Present	Director	Jaroon Hatai Ek Holding Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2009 – Present	Chairman	Thaiekaluck Power Co., Ltd.
2009 – Present	Director	S.I. Property Co., Ltd.
2005 – Present	Director	Eppco Intertrade Co., Ltd.
2004 – Present	Founder President	The Federation of Thai Industries Nakhonsawan Chapter
2003 – Present	Chairman	Permsinpattana Co., Ltd.
2003 – Present	Chairman	Environment Pulp and Paper Co., Ltd.
2002 – Present	Director	Siam PP International Co., Ltd.
1998 – Present	Director	Ekarat Pattana Co., Ltd.
1992 – Present	Director	T.Y.T. Trading Co., Ltd.
1990 – Present	Director	Thai Northern Molasses Co., Ltd.
1989 – Present	Director	Thai Wisanu Nakornsawan Co., Ltd.
1982 – Present	Director	Ruam Toon Warehouse Nakornsawan Co., Ltd.
1973 – Present	Chairman	Thai Identity Sugar Co., Ltd.
1963 – Present	Director	Ruampol Enterprise Co., Ltd.

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2009 – 2015	Director	New Thai Identity Co., Ltd.
2009 – 2015	Director	New Ruampol Co., Ltd.
2008 – 2015	Director	Ekvisanu Co., Ltd.
1998 – 2015	Director	T.I. Business Co., Ltd.
1995 – 2015	Director	Nakhonsawan Agriculture Co., Ltd.
2008 – 2013	Chief Executive Officer	Kaset Thai Sugar Industry Co., Ltd.
2012	Director	Aekphol Sugar Co., Ltd.
2012	Director	Ruamkij Angthong Warehouse Co., Ltd.
2012	Director	TISS Co., Ltd.

Name Mr.Nathapun Siriviriyakul
Age 52
Position Director, Deputy to Chief Executive Officer, Risk Management Committee and Authorized Director

Education

- » Bachelor of Engineering (Computer Engineering) (Second Class Honours), Chulalongkorn University
- » Master of Business Administration, Washington State University, USA
- » Advanced Security Management Program 2/2011
- » Top Executive Program in Commerce and Trade 3/2010
- » Top Executive Program in College of Commerce and Capital Markets 16/2013

Seminar on Role and Responsibility

- » DAP 96/2012

Shareholding (%) 0.705

Family Relationship among Company's Directors

- » Younger brother to Mr.Parphan Siriviriyakul
- » Younger brother to Mr.Prasert Siriviriyakul
- » Younger brother to Mrs.Darat Vibhatakalasa

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2016 – Present	Deputy to Chief Executive Officer	Kaset Thai International Sugar Corporation Pcl.
2013 – Present	» Director » Risk Management Committee	Kaset Thai International Sugar Corporation Pcl.

Non-Listed Companies

Present	Director	Jaroon Hatai Ek Holding Co., Ltd.
Present	Director	Hatai Jaroon Ek Holding Co., Ltd.
Present	Director	Ruamkij Angthong Warehouse Co., Ltd.
Present	Director	T.Y.T. Trading Co., Ltd.
Present	Director	KTIS Bioenergy Co., Ltd.
Present	Director	KTIS Research and Development Co., Ltd.
Present	Director	3S Holding CO., Ltd.
Present	Director	TISS Co., Ltd.
Present	Director	Thai Sugar Miller Co., Ltd.
Present	Director	Thai Northern Molasses Co., Ltd.
Present	Director	Thai Wisanu Nakornsawan Co., Ltd.
Present	Director	KTIS Biogas Power Co., Ltd.
Present	Director	Thai Identity Sugar Co., Ltd.
Present	Director	Aekphol Sugar Co., Ltd.
Present	Director	Ruampol Enterprise Co., Ltd.
Present	Director	Siam P.P. International Co., Ltd.

Director/Management Position in other companies (continue)

Present	Director	Ekarat Pattana Co., Ltd.
Present	Director	Environment Pulp and Paper Co., Ltd.
Present	Director	NSC (Thailand) Co., Ltd.
Present	Director	Eppco Intertrade Co., Ltd.
Present	Director	S.I. Property Co., Ltd.
Present	Director	Permsinpattana Co., Ltd.
2013 – Present	Director	Thaiekaluck Power Co., Ltd.
2013 – Present	Director	Ruampol Bio Power Co., Ltd.
2013 – Present	Director	Sapsirikaset Co., Ltd.
2013 – Present	Director	Lopburi International Sugar Co., Ltd.
2013 – Present	Director	Lopburi Bioethanol Co., Ltd.
2013 – Present	Director	Lopburi Biopower Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2008 – Present	Independent Director	King Wan Corporation Limited (Singapore)

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2012 – 2013	» Director » Chief Executive Officer – Bio Energy & Product	Kaset Thai Sugar Industry Co., Ltd.
2013–2016	» Chief Executive Officer – Bio Energy & Product	Kaset Thai International Sugar Corporation Pcl.
2015	Director	Nakhonsawan Agriculture Co., Ltd.
2009 – 2015	Director	New Thai Identity Co., Ltd
2009 – 2015	Director	New Ruampol Co., Ltd.

Name Mrs.Darat Vibhatakalasa
Age 63
Position Director, Deputy to Chief Executive Officer, Nomination and Remuneration Committee and Authorized Director

Education

- » Bachelor of Education, Chulalongkorn University (First Class Honours)
- » Master of Education, Chulalongkorn University
- » Doctor of Philosophy, Chaopraya University
- » Certificate, National Defense, class 2006 (NDP 19), National Defense College

Seminar on Role and Responsibility

- » DAP 96/2012

Shareholding (%) 0.320

Family Relationship among Company's Directors

- » Younger Sister to Mr.Parphan Siriviriyakul
- » Elder Sister to Mr.Prasert Siriviriyakul
- » Elder Sister to Mr.Nathapan Siriviriyakul

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	<ul style="list-style-type: none"> » Director » Deputy to Chief Executive Officer » Nomination and Remuneration Committee 	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies

Private Sector

Present	Director	KTIS Research and Development Co., Ltd.
Present	Director	Hatai Jaroon Ek Holding Co., Ltd.
Present	Director	Jaroon Hatai Ek Holding Co., Ltd.
Present	Director	3S Holding CO., Ltd.
Present	Director	T.Y.T. Trading Co., Ltd.
Present	Director	Thai Northern Molasses Co., Ltd.
Present	Director	Aekphol Sugar Co., Ltd.
Present	Director	Permsinpattana Co., Ltd.
2013 – Present	Director	Thaiekaluck Power Co., Ltd.
2013 – Present	Director	Ruampol Bio Power Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2002 – Present	Executive Committee	Ruamkij Angthong Warehouse Co., Ltd.
2002 – Present	Executive Committee	Thai Wisanu Nakornsawan Co., Ltd.
1996 – Present	Owner	Publisher and Advertiser of Sawan News

Director/Management Position in other companies (continue)

1995 – Present	Deputy Managing Director	Ruampol Enterprise Co., Ltd.
1983 – Present	Executive Committee	Thai Identity Sugar Co., Ltd.
Education Sector		
2016 – Present	Director	Education committee, Nakhon Sawan
1998 – Present	Vice President for Management	Chaopraya University
1990 – Present	Chairman	Viriyalai Nakhonsawan Vocational College
Academic Sector		
2011 – Present	Advisor	The Prime Minister Office (People's Representative)
Economic Sector		
2013 – Present	Chairman	The Federation of Nakhonsawan Industries
2010 – Present	Honorary Chairman	Northern Region of F.T.I Provincial Chapters
2002 – Present	Director	Joint Public-Private Committee for Economic Affairs, Nakhonsawan
2000 – Present	Director	Federation of Thai Industries (F.T.I.)
Administrative Sector		
2015 – Present	Chairman	Private Cooperation Center, Nakhonsawan
2014 – Present	Subcommittee	Facilitation of the Decentralization to the Local Government Organization Committee, Nakhonsawan
2009 – Present	Director	Integrated Provincial Administration Committee of Nakhonsawan
Social Sector		
2008 – Present	Advisor	Chulalongkorn University Alumni Association of Nakhonsawan Chapter

Other companies that may cause any conflict of interests to the Company -None-

Working Background

2013 – 2015	Executive Committee	Association of Private Higher Education Institutions of Thailand (APHEIT)
2012 – 2014	Vice Chairman	Federation of Thai Industries (F.T.I.)
2011 – 2015	Vice Chairman	Private Cooperation Center, Nakhonsawan
2010 – 2012	Deputy to Secretary General	Federation of Thai Industries (F.T.I.)
2011 – 2015	Advisor	Inspector General, Office of the Prime Minister, Academic Sector
2010 – 2012	Director	Forty-two Educational Service Office Area
2010 – 2012	President	Nakhonsawan Girls' School Alumni Association
2009 – 2016	Director	Board Governance Committee, Nakhonsawan
2007 – 2011	Advisor	Inspector General of Prime Minister office on Economy
2007	Member	National People's Assembly of Thailand

Director/Management Position in other companies (continue)

2006 – 2012	Director	Vocational Education Area 1.
2006 – 2010	Chairman	Northern Region of F.T.I Provincial Chapters
2005 – 2007	President	Chulalongkorn University Alumni Association of Nakhonsawan Chapter
2003 – 2016	Director	Integrated Regional Administration Committee of Lower Northern Region 2
1991 – 1992	President	Provincial Red-cross of Maha Sarakham
1991 – 1993	President	Provincial Red-cross of Phrae

Name Mr.Prasert Siriviriyakul

Age 58

Position Director, Deputy to Chief Executive Officer, Risk Management Committee and Authorized Director

Education

- » Doctor of Dental Surgery, Chulalongkorn University
- » Mini MBA, Thammasat University

Seminar on Role and Responsibility

- » DAP 96/2012

Shareholding (%) 0.152

Family Relationship among Company's Directors

- » Younger Brother to Mr.Parphan Siriviriyakul
- » Younger Brother to Mrs.Darat Vibhatakalasa
- » Elder Brother to Mr.Nathapun Siriviriyakul

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2016 – Present	Deputy to Chief Executive Officer	Kaset Thai International Sugar Corporation Pcl.
2013 – Present	» Director » Risk Management Committee	Kaset Thai International Sugar Corporation Pcl.

Non-Listed Companies

Present	Director	TISS Co., Ltd.
Present	Director	Hatai Jaroon Ek Holding Co., Ltd.
Present	Director	3S Holding CO., Ltd.
Present	Director	KTIS Bioenergy Co., Ltd.
Present	Director	KTIS Biogass Power Co., Ltd.
Present	Director	KTIS Research and Development Co., Ltd.
Present	Director	Thai Wisanu Nakornsawan Co., Ltd.
Present	Director	Nakhonsawan Pae Song Nguan Co., Ltd.

Director/Management Position in other companies (continue)

Present	Director	Nakhonsawan Ruamtoon Patthana Co., Ltd.
Present	Director	Thai Identity Sugar Co., Ltd.
Present	Director	Ruam Toon Warehouse Nakornsawan Co., Ltd.
Present	Director	Ruam Toon Trading Nakornsawan Co., Ltd.
Present	Director	Ruampol Enterprise Co., Ltd.
Present	Director	Ekarat Pattana Co., Ltd.
Present	Director	Environment Pulp and Paper Co., Ltd.
Present	Director	Permsinpattana Co., Ltd.
2013 – Present	Director	Thaiekaluck Power Co., Ltd.
2013 – Present	Director	Ruampol Bio Power Co., Ltd.
2013 – Present	Director	Sapsirikaset Co., Ltd.
2013 – Present	Director	Lopburi International Sugar Co., Ltd.
2013 – Present	Director	Lopburi Bioethanol Co., Ltd.
2013 – Present	Director	Lopburi Biopower Co., Ltd.
2011 – Present	Director	Kaset Thai Bio Fertilizer Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2010 – Present	Director	Jaroon Hatai Ek Holding Co., Ltd.

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2013 – 2016	Chief Executive Officer – Cane and Sugar	Kaset Thai International Sugar Corporation Pcl.
2012 – 2013	» Director » Chief Executive Officer – Cane and Sugar	Kaset Thai Sugar Industry Co., Ltd.
2010 – 2012	» Director » Deputy Managing Director	Kaset Thai Sugar Industry Co., Ltd.

Name Mr.Krairit Nilkuha

Age 65

Position Independent Director and Chairman of Audit Committee

Education

- » Master of M.Sc. (Petroleum Engineering), New Mexico Institute of Mining and Technology, USA
- » B-B.Sc. in Mechanics Engineering, Kasetsart University
- » Diploma, the National Defense Course, Class 48 (2005), National Defence College
- » Senior Executive Program, Batch#8, Capital Market Academy

Seminar on Role and Responsibility

- » DAP 53/2006
- » ACP 24/2008
- » UFS 6/2006

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 3 year 1 months (Appointed on 26 February 2014)

Director/Management Position in other companies

Listed Companies

2014 – Present	» Independent Director » Chairman of Audit Committee	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies

2000 – Present	Chairman	Technical Petroleum Training Institute Foundation
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Other companies that may cause any conflict of interests to the Company -None-

Working Background

2013 – 2014	Director	Thai Credit Guarantee Corporation (TCG)
2010 – 2015	Director	Bangchak Petroleum Pcl.
2010 – 2013	Director	PTT Public Company Limited
2009 – 2012	Director-General	Department of Alternative Energy Development and Efficiency
2008 – 2009	Deputy Permanent Secretary	Ministry of Energy

Name Mr.Sathaporn Kotheeranurak

Age 60

Position Independent Director and Audit Committee

Education

- » Master of Business Administration Chulalongkorn University
- » Diploma in Auditing Thammasat University
- » Bachelor in Accounting Rajamangala University of Technology Thanyaburi
- » Certified Public Accountant Certificate No.3349
- » Certified Professional Internal Auditor (CPIA)
- » Degree in WorPorOr2005, National Defense College
- » Royal Thai Army War College Program 44 Institute of Advanced Military Studies
- » Diploma in higher PorSorSor 1, PorRorMor 1 and PorPorPor 1 King Prajadhipok's Institute
- » Diploma in SorJorVor 81 Applied Psychology Institute
- » Diploma BorRorOr 1 Royal Thai Police
- » Diploma In higher BorMorChor 3 National Intelligence Agency
- » Certificate of Public Law Class 6 Faculty of Law, Thammasat University and Office of the Council of State
- » Study Meet on Strategic Merger and Acquisition for SMEs C43 Year 2010, Korea
- » Study Mission to Nonmember Countries on Knowledge Creating Enterprises Year 2009, Germany
- » China-ASEAN Young entrepreneurs Forum Year 2008, China
- » Asean-China Young Entrepreneurs Workshop Year 2008, Brunei
- » Top Management Forum : Corporate Governance Year 2003, Japan

- » The Training Program on Industrial Property Rights (Fundamental Course for IP Practitioners (EIPF)) Year 2002, Japan
- » Financing and Management Development in Market Oriented Economies Year 1998, Australia
- » International Forum on SMEs : Acceleration Growth and Enhancing Competitiveness the Knowledge Economy Year 2001, India

Seminar on Role and Responsibility

- » DAP 35/2009
- » ACP 13/2013

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies
Listed Companies

2013 – Present	<ul style="list-style-type: none"> » Independent Director » Audit Committee 	Kaset Thai International Sugar Corporation Pcl.
2009 – Present	<ul style="list-style-type: none"> » Independent Director » Chairman of Audit Committee 	Surapon Foods Pcl.

Non-Listed Companies

2015 – Present	<ul style="list-style-type: none"> » Chairman of Audit Committee » Independent Director 	A A Electri Li Co., Ltd
2014 – Present	Associate Judge	The Central Intellectual Property and International Trade Court
2012 – Present	Member of Sub-committee : Selection the Candidates of NACC Integrity Awards Consideration	Office of the National Anti - Corruption
2010 – Present	<ul style="list-style-type: none"> » Member of Sub-Committee » Support of State Enterprises » Intellectual Management in University Business Incubators 	Office of the Higher Education Commission : OHEC
1995 – Present	Managing Director	Sahaporn & CO Co., Ltd.
1993 – Present	Managing Director	Sungora Co., Ltd.
1993 – Present	Managing Director	DBMT Co., Ltd.
1991 – Present	Managing Director	S.V. Evergreen Co., Ltd.

Other companies that may cause any conflict of interests to the Company -None-

Working Background

2012 – 2015	<ul style="list-style-type: none"> » Independent Director » Chairman of Audit » Corporate Governance Committee » Risk Management Committee 	Gunkul Engineering Pcl.
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Director/Management Position in other companies (continue)

2011 – 2014	Member of Social Anti-Corruption Committee	Office of the National Anti - Corruption
2011– 2014	Chairman of Team of Selection the Candidates of NACC Integrity Awards Consideration	Office of the National Anti - Corruption
2012 – 2013	» Independent Director » Audit Committee	Kaset Thai Sugar Industry Co., Ltd.
2009 – 2013	» Special Qualified Directors » Faculty of Business Administration	Rajamangala University of Technology Thanyaburi
2009 – 2011	» Independent Director » Chairman of Audit Committee	Interlink Communication Pcl.
2008 – 2012	» Independent Director » Audit Committee	Gunkul Engineering Pcl.
2006 – 2009	» Independent Director » Chairman of Audit Committee	Asia Fiber Pcl.
2005 – 2015	» Independent Director » Audit Committee	Star Sanitary Ware Pcl.
2005 – 2006	Chairman of Audit Committee	Thailand Management Association
2005 – 2011	Associated Judge	The Central Intellectual Property and International Trade Court
2005 – 2011	Board Treasurer	The Thailand Chamber of Commerce and Board of trade of Thailand
2005 – 2011	Chairman of Accountance and financial	The Thailand Chamber of Commerce and Board of trade of Thailand
2002 – 2006	Advisor of Audit Committee	The Federation of Thai Industries
2000 – 2002	Vice President, Tax Business Land and Investment Committee	The Federation of Thai Industries

Name Acting Sub Lt. T-rayooth Changpetch

Age 74

Position Independent Director, Chairman of Risk Management Committee and Audit Committee

Education

- » Bachelor of Laws, Thammasat University

Seminar on Role and Responsibility

- » DAP 97/2012
- » ACP 41/2012
- » MFM 8/2012

Shareholding (%) none

Family Relationship among Company's Directors none

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	» Independent Director	Kaset Thai International Sugar Corporation Pcl.
	» Chairman of Risk Management Committee	
	» Audit Committee	

Non-Listed Companies –None–

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2012 – 2013	» Independent Director	Kaset Thai Sugar Industry Co., Ltd.
	» Audit Committee	

Name Mr.Issakan Krivitthaya
Age 73
Position Independent Director, Chairman of Nomination and Remuneration Committee and Risk Management Committee

Education

- » Bachelor of Accounting, Thammasat University
- » Master of Economics, North Dagota State University U.S.A
- » Certificate, American Institute of Banking (New York) U.S.A.

Seminar on Role and Responsibility

- » DAP 97/2012
- » ACP 41/2012
- » MFM 8/2012

Shareholding (%) none

Family Relationship among Company's Directors none

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	» Independent Director	Kaset Thai International Sugar Corporation Pcl.
	» Chairman of Nomination and Remuneration Committee	
	» Risk Management Committee	

Non-Listed Companies –None–

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2012 – 2013	Independent Director	Kaset Thai Sugar Industry Co., Ltd.
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Name Mr.Phoonsak Boonsalee
Age 68
Position Independent Director and Nomination and Remuneration Committee

Education

- » Doctor of Arts (Business Administration), Chaopraya University
- » M.A. (PHILOSOPHY), Kasetsart University
- » MBA. (Management) Eastern Asia University

Seminar on Role and Responsibility

- » DAP 97/2012

Shareholding (%) none

Family Relationship among Company's Directors none

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2016 – Present	» Director » Chief Executive Officer	Saksiam Leasing Pcl.
2013 – Present	» Independent Director » Nomination and Remuneration Committee	Kaset Thai International Sugar Corporation Pcl.

Non-Listed Companies -None-

Other companies that may cause any conflict of interests to the Company -None-

Working Background

1995 – 2016	» Director » Chief Executive Officer	Saksiam Commercial Leasing Co., Ltd
2012 – 2013	Independent Director	Saksiam Commercial Leasing Co., Ltd

Name Mr.Shunsuke Tsujiyama
Age 47
Position Director, Assistant to Chief Executive Officer and Assistant to Chief Financial Officer

Education

- » College of Economics, Yokohama National University

Seminar on Role and Responsibility

- » DAP 108/2014

Shareholding (%) none

Family Relationship among Company's Directors none

Period of Directorship 2 year 11 months (Appointed on 12 May 2014)

Director/Management Position in other companies

Listed Companies

2013 – Present	» Director	Kaset Thai International Sugar Corporation Pcl.
	» Assistant to Chief Executive Officer	
	» Assistant to Chief Financial Officer	

Non-Listed Companies –None–

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2008 – 2013	Division Head, Consumer Goods and Service Division	Sumitomo Corporation Thailand Ltd., Sumi-Thai Internal Limited (Bangkok)
2004 – 2008	Assistant to General Manager, Sweeteners & Beverages Dept.	Sumitomo Corporation Ltd.
1993	Staff Member, Sugar Dept. (Tokyo)	Sumitomo Corporation Ltd.

Name Mr.Apichart Noochprayoon

Age 44

Position Director, Chief Executive Officer – Bio, Assistant to Chief Executive Officer and Authorized Director

Education

- » Bachelor of Economics (International Economics), Chulalongkorn University
- » Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Seminar on Role and Responsibility

- » DAP 96/2012

Shareholding (%) none

Family Relationship among Company's Directors none

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2016 – Present	Chief Executive Officer – Bio	Kaset Thai International Sugar Corporation Pcl.
2015 – Present	Assistant to Chief Executive Officer	Kaset Thai International Sugar Corporation Pcl.
2013 – Present	Director	Kaset Thai International Sugar Corporation Pcl.

Non-Listed Companies

Present	Director	Ruamkij Angthong Warehouse Co., Ltd.
Present	Director	TISS Co., Ltd.
Present	Director	T.Y.T. Trading Co., Ltd.
Present	Director	Sunshine Export Co., Ltd.
2015 – Present	Director	KTIS Research and Development Co., Ltd.

Director/Management Position in other companies (continue)

2013 – Present	Director	Thaiekaluck Power Co., Ltd.
2013 – Present	Director	Ruampol Bio Power Co., Ltd.
2011 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2000 – Present	Executive Committee	Aekphol Sugar Co., Ltd.

Other companies that may cause any conflict of interests to the Company -None-

Working Background

2005 – 2015	Deputy Managing Director	Thai Identity Sugar Co., Ltd.
2005 – 2015	Deputy Managing Director	Ruampol Enterprise Co., Ltd.
2005 – 2015	Deputy Managing Director	Environment Pulp and Paper Co., Ltd.
2013 – 2014	Senior director – engineering	Kaset Thai International Sugar Corporation Pcl.
2012 – 2013	Senior director – engineering	Kaset Thai Sugar Industry Co., Ltd.
2008 – 2013	Director and Executive Committee	Kaset Thai Sugar Industry Co., Ltd.
2005 – 2012	Deputy Managing Director	Kaset Thai Sugar Industry Co., Ltd.
2015	Director	Siri Charoen Export Co., Ltd.

Name Miss Chua Eng Eng

Age 46

Position Director and Authorized Director

Education

» Bachelor of Arts in Economics, National University of Singapore

Shareholding (%) 0.558

Family Relationship among Company's Directors none

Period of Directorship 4 year 2 months (Appointed on 29 January 2013)

Director/Management Position in other companies

Listed Companies

2013 – Present	Director	Kaset Thai International Sugar Corporation Pcl.
2000 – Present	Managing Director	King Wan Corporation Pte. Ltd.

Non-Listed Companies

Present	Director	Eppco Intertrade Co., Ltd.
Present	Director	Siri Charoen Sapraivan Co., Ltd.
2013 – Present	Director	Grand Helio Pte. Ltd.
2013 – Present	Director	Soon Zhou Investments Pte. Ltd.
2012 – Present	Director	Gold Topaz Pte. Ltd.
2012 – Present	Director	Gold Hyacinth Development Pte. Ltd.

Director/Management Position in other companies (continue)

2012 – Present	Director	Bukit Timah Green Development Pte. Ltd.
2011 – Present	Director	Nanyang International Education (Holdings) Ltd.
2011 – Present	Director	Chang Li Investments Pte. Ltd.
2011 – Present	Director	Li Ta Investments Pte. Ltd.
2011 – Present	Director	Soon Li Investments Pte. Ltd.
2010 – Present	Director	S.I. Property Co., Ltd.
2004 – Present	Director	King Wan Industries Pte. Ltd.
2002 – Present	Director	Xylem Investments Pte. Ltd.
2001 – Present	Director	King Wan Development Pte. Ltd.
1996 – Present	Director	King Wan Construction Pte. Ltd.
1994 – Present	Managing Director	K&W Mobile Loo Services Pte. Ltd.

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2004 – 2014	Director	Ekarat Pattana Co., Ltd.
2003 – 2014	Director	Environment Pulp and Paper Co., Ltd.

Name Mr.Sirapak Siriviriyakul
Age 33
Position Director, Authorized Director and Assistant Director – CEO Office

Education

- » Bachelor of Education (Business Education), Chulalongkorn University
- » Master of Business Administration, Chulalongkorn University

Shareholding (%) 4.940

Family Relationship among Company's Directors

- » Son to Mr. Parphan Siriviriyakul
- » Nephew to Mrs.Darat Vibhatakalasa
- » Nephew to Mr.Prasert Siriviriyakul
- » Nephew to Mr.Nathapun Siriviriyakul

Period of Directorship 1 year 11 months (Appointed on 14 May 2015)

Director/Management Position in other companies

Listed Companies

2015 – Present	» Director » Assistant Director – CEO Office	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies

2016 – Present	Director	Siri Charoen Export Co., Ltd
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Director/Management Position in other companies (continue)

2016 – Present	Director	Thai Identity Sugar Co., Ltd.
2016 – Present	Director	Environment Pulp and Paper Co., Ltd.
2016 – Present	Director	Ekkarat Pattana Co., Ltd.
2016 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2016 – Present	Director	Kaset Thai Bio Fertilizer Co., Ltd.
2016 – Present	Director	Sunshine Export Co., Ltd.
2016 – Present	Director	T.Y.T Trading Co., Ltd.
2016 – Present	Director	T.I.S.S Co., Ltd
2016 – Present	Director	Poompattana Business Co., Ltd.
2016 – Present	Director	Suebsiri Sawat Co., Ltd.
2016 – Present	Director	Agro Ethanol Co., Ltd.
2016 – Present	Director	E.P.C Power Co., Ltd.
2016 – Present	Director	Ruampol Enterprise Co., Ltd.
2016 – Present	Director	Vibharam Nakhonsawan Co., Ltd.
2015 – Present	Director	KTIS Research and Development Co., Ltd.
2015 – Present	Director	Aekphol Sugar Co., Ltd.
2015 – Present	Director	Phoomlert Business Co., Ltd.
2015 – Present	Director	Maehongson Niseko Co., Ltd.
2015 – Present	Director	S.I. Property Co., Ltd.
2012 – Present	Director	Siri Charoen Sapraiwat Co., Ltd.
2010 – Present	Director	S.I. SiriCharoen Co., Ltd.
2008 – Present	Director	Ruamkij Angthong Warehouse Co., Ltd.

Other companies that may cause any conflict of interests to the Company –None–

Working Background –None–

Name Mrs.Nomchit Acaramekin
Age 57
Position Director – Accounting Department
Education
 » Bachelor of Accounting, Bangkok University
Seminar on Role and Responsibility none
Shareholding (%) none
Family Relationship among Company's Directors none

Director/Management Position in other companies

Listed Companies

2012 – Present	Director – Accounting Department	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies –None–

Other companies that may cause any conflict of interests to the Company –None–

Working Background

2008 – 2012	Assistant to General Manager	Kaset Thai Sugar Industry Co., Ltd.
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Name Mr.Suchart Pipattanachaiyapong

Age 55

Position Company Secretary

Education

- » MBA, Ramkhamhaeng University
- » Bachelor of Business Administration, Assumption University

Seminar on Role and Responsibility

- » CSP 53/2013
- » BRP 12/2013
- » EMT 30/2014
- » CRP 8/2014

Shareholding (%) none

Family Relationship among Company's Directors none

Date of appointment 14 May 2013

Director/Management Position in other companies

Listed Companies

2013 – Present	Company Secretary	Kaset Thai International Sugar Corporation Pcl.
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Non-Listed Companies

Present	Director	Kaset Thai Bio Power Co., Ltd.
Present	Director	Kaset Thai Bio Fertilizer Co., Ltd.

Other companies that may cause any conflict of interests to the Company –None–

Working Background

1996 – 2013	Factory Manager	Kaset Thai Sugar Industry Co., Ltd.
2005 – 2013	Factory Manager	Ekarat Pattana Co., Ltd.
1994 – 1996	Factory Manager	Ruampol Enterprise Co., Ltd
1989 – 1994	Deputy to Factory Manager	Kaset Thai Sugar Industry Co., Ltd.

Details of Subsidiaries and Related Company's Directors

Company	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Kaset Thai International Sugar Corporation Pcl.	X, V	I, II, V, IV	I, II, V, VI	I, II, V, IV	I, II, V, IV	I, II, V, IV	I, III, IV	I, III	I, VI, IV	I, VI	I, V	I, V	I, V	I, V	I, III	I, V
Subsidiaries																
Kaset Thai Bio Power Co., Ltd	X, V	I, V	I, V	I, V	I, V	I, V					I, V	I, V				
Thai Identity Sugar Co., Ltd		X, V	I, V	I, V	I, V	I, V					I, V					
Ekarat Pattana Co.,Ltd	X, V	I, V		I, V	I, V	I, V					I, V					
Environment Pulp and Paper Co., Ltd		X, V			I, V	I, V					I, V					
Permsinpattana Co., Ltd		X, V	I, V		I, V	I, V										
Kaset Thai Bio Fertilizer Co., Ltd		X, V		I, V	I, V	I, V					I, V					
Thaieakluck Power Co., Ltd	I, V	X, V	I, V	I, V	I, V	I, V						I, V				
Sapsirikaset Co., Ltd		X, V			I, V	I, V										
Ruampol Bio Power Co., Ltd	X, V	I, V	I, V	I, V	I, V	I, V						I, V				
Lopburi International Sugar Co., Ltd		X, V			I, V	I, V										
Lopburi Bioethanol Co., Ltd		X, V			I, V	I, V										
Lopburi Biopower Co., Ltd		X, V			I, V	I, V										
KTIS Bio Energy Co., Ltd		I, V		X, V	I, V	I, V										
KTIS Biogas Power Co., Ltd		I, V		X, V	I, V	I, V										
KTIS Research and Development Co., Ltd.		X, V	I, V	I, V	I, V	I, V					I, V	I, V				
Related Company																
S.I. Property Co., Ltd.	X, V			I, V							I, V					
Aekphol Sugar Co., Ltd.			I, V		I, V						I, V	I, V				
Nakhonsawan Ruamtoon Patthana Co., Ltd						I, V										
TISS Co., Ltd.					I, V	I, V					I, V	I, V				



Company	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Siam P.P. International Co., Ltd.					I, V											
Ruamkij Anghong Warehouse Co., Ltd.			I, V		I, V						I, V	I, V				
Ruam Toon Warehouse Nakornsawan Co., Ltd.						I, V										
Thai Wisanu Nakornsawan Co., Ltd.		I, V	I, V		I, V	I, V						I, V				
Ruam Toon Trading Nakornsawan Co., Ltd.						I, V										
Siri Charoen Export Co., Ltd											I, V					
Siri Charoen Sapraiwan Co., Ltd	X, V										I, V					
Ruampol Enterprise Co., Ltd.		I, V	I, V	I, V	I, V	I, V					I, V					
Poom Pattana Business Co.,Ltd.						I, V					I, V			I, V		
Suerb Sirisawat Co.,Ltd.						I, V					I, V					
Poomlert Business Co.,Ltd.											I, V					
Agro Ethanol Co.,Ltd.											I, V					
EPC Power Co.,Ltd.											I, V					

Remark (1)

- x = Chairman
I = Director
II = Executive Director
III = Audit Committee
IV = Risk Management Director
V = Executive
VI = Nomination and Remuneration Director
VII = Controlling Person

Remark (2)

1. Mr.Pricha Attavipach
2. Mr.Parphan Siriviriyakul
3. Mrs.Darat Vibhatakalasa
4. Mr.Sirivuthi Siamphakdee
5. Mr.Nutthapun Siriviriyakul
6. Mr.Prasert Siriviriyakul
7. Acting Sub Lt. T-rayooth Changpetch
8. Mr.Sathaporn Kotheeranurak
9. Mr.Issakan Krivitthaya
10. Mr. Phoonsak Boonsalee
11. Mr.Sirapak Siriviriyakul
12. Mr.Apichart Noochprayoon
13. Mr.Shunsuke Tsujiyama
14. Miss Chua Eng Eng
15. Mr.Krairit Nilkuha
16. Mrs.Nomchit Acaramekin

Name	Position	Shares held on Dec 31, 2015	During 2016		Shares held on Dec 31, 2016	Total Percentage of Voting Shares(%)	Remark
			Number of Shares (Shares)	Increase / decrease			
1. Mr. Picha Attavipach	Chairman	5,270,700	400,000		5,670,700	0.147	Bought additional 400,000 shares during the year 2016
2. Mr.Sirivuthi Siamphakdee	Vice-Chairman	-	-		-	-	None
3. Mr.Parphan Siriviriyakul	Director	-	-		-	-	None
4. Mr.Nathapun Siriviriyakul	Director	27,216,000	-		27,216,000	0.705	
*Spouse and Minor Children		-	-		-	-	
5. Mrs.Darat Vibhatakakasa	Director	12,349,900	-		12,349,900	0.320	
6. Mr.Prasert Siriviriyakul	Director	5,832,000	20,000		5,852,000	0.152	Bought additional 20,000 shares during the year 2016
*Spouse and Minor Children		5,832,000	-		5,832,000	0.151	
7. Mr.Phoonsak Boonsalee	Independent Director	-	-		-	-	None
8. Mr.Apichart Noochprayoon	Director	500	-		500	0.000	
9. Mr.Shunsuke Tsujiyama	Director	-	-		-	-	None
10. Ms. Chua Eng Eng	Director	21,544,000	-		21,544,000	0.558	
11. Mr. Krairit Nilkuha	Independent Director/	-	-		-	-	
*Spouse and Minor Children	Chairman of Audit Committee	100,000	-		100,000	0.003	
12. Mr.Sathaporn Kotheeranurak	Independent Director/Member of Audit Committee	-	-		-	-	
13. Acting Sub Lt. T-rayooth Changpetch	Independent Director/Member of Audit Committee	-	-		-	-	None
14. Mr. Issakan Krivithaya	Independent Director	-	-		-	-	None
15. Mr.Sirapak Siriviriyakul	Director	190,698,000	-		190,698,000	4.940	None



General Information and Other Information

Company Information	Kaset Thai International Sugar Corporation Public Company Limited (the“Company”)
Type of Business	Production and distribution of sugar and connected secondary businesses such as the production and distribution of bleached white paper pulp, ethanol and electricity
BKK office	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Head office and Factory	1/1 Moo 14 Nong Pho Sub-District, Taklee District, Nakhonsawan Province, Thailand
Factory (Branch 3)	1 Moo 7 Banmakhua Sub-District, Muang District, Nakhonsawan Province, Thailand
Registration number	0107556000116
Telephone	(66) 2692-0869 to 73
Facsimile	(66) 2246-9125, (66) 2692-0876, (66) 2246-9140
Homepage	http://www.ktisgroup.com
Company Secretary	Mr.Suchart Pipatanachaiyapong Tel. (66) 2692-0869 to 73 ext. 176
Email	cs@ktisgroup.com
Investor Relations and Corporate Communications	Ms.Monathy Ploisook Tel. (66) 2692-0869 to 73 ext. 193 ext. 26
E-mail	ir@ktisgroup.com
Registered capital	3,888,000,010 Baht
Paid up Registered Capital	3,860,000,010 Baht

Subsidiary Information

Sugar Business : Thai Identity Sugar Factory Co., Ltd.

Business Type : Production and distribution of sugar

Registered Share Capital : 1,215,000,000 Baht

Paid-up Share Capital : 1,215,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 42/1 Moo 8 Ban Hardsuatan,
Kungtapao Sub-District,
Muang District, Uttaradit
Province
Telephone (66) 5544-9010-1,
(66) 5540-7241-5

Sugar Business : Lopburi International Sugar Co., Ltd.

Business Type : Production and distribution of sugar

Registered Share Capital : 2,000,000 Baht

Paid-up Share Capital : 2,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : Lopburi Province

Energy Business : Kaset Thai Bio Power Co., Ltd.

Business Type : Production and distribution of electricity

Registered Share Capital : 1,260,000,000 Baht

Paid-up Share Capital : 1,260,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 555 Moo 14 Nong Pho
Sub-District, Taklee District,
Nakhonsawan Province
Telephone (66) 56-338-123 to 5

Energy Business : Ruamphol Bio Power Co., Ltd.

Business Type : Production and distribution of electricity

Registered Share Capital : 395,000,000 Baht

Paid-up Share Capital : 395,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 77/77 Moo 7 Banmakhua
Sub-District, Muang District,
Nakhonsawan Province
Telephone (66) 56-338-123 to 5

Energy Business : Thaiekaluck Power Co., Ltd.

Business Type : Production and distribution of electricity

Registered Share Capital : 350,000,000 Baht

Paid-up Share Capital : 350,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 42/2 Moo 8 Ban Hardsuatan,
Kungtapao Sub-District, Muang
District, Uttaradit Province
Telephone (66) 2692-0869 to 73

Energy Business : Lopburi Biopower Co., Ltd.

Business Type : Production and distribution of electricity

Registered Share Capital : 2,000,000 Baht

Paid-up Share Capital : 2,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : Lopburi Province

Energy Business : KTIS Biogas Power Co., Ltd.

Business Type : Production and distribution of electricity

Registered Share Capital : 1,000,000 Baht

Paid-up Share Capital : 1,000,000 Baht

Head office : 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : Nakhonsawan Province

Paper Pulp Business : Environment Pulp and Paper Co., Ltd.

Business Type : Production and distribution of bleached
paper pulp

Registered Share Capital : 2,400,000,000 Baht

Paid-up Share Capital : 2,400,000,000 Baht

BKK office : (1) 24 Aekphol Bldg., Vibhavadi
Rangsit Rd., Din Daeng,
Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

(2) 133 Vibhavadi Rangsit Rd.,
Samsennai, Phayathai, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 9/9 Moo 1 Attavipach Rd.,
Nong Pho Sub-District, Taklee
District, Nakhonsawan Province
Telephone (66) 2247-0920

Fertilizer Business : Kaset Thai Bio Fertilizer Co., Ltd.

Business Type : Production and distribution of fertilizers and soil

Registered Share Capital : 35,000,000 Baht

Paid-up Share Capital : 35,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : 888 moo 14 Nong Pho Sub-District, Taklee District, Nakhonsawan Province
Telephone (66) 56-338-123 to 5

Energy Business : Ekarat Pattana Co., Ltd.

Business Type : Production and distribution of ethanol

Registered Share Capital : 256,000,000 Baht

Paid-up Share Capital : 256,000,000 Baht

BKK office : (1) 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

(2) 133 Vibhavadi Rangsit Rd., Samsennai, Phayathai, Bangkok
Telephone (66) 2692-0869 to 73
Factory : 9 Moo 14 Nong Pho Sub-District, Taklee District, Nakhonsawan Province
Telephone (66) 56-338-333, (66) 2644-8388, (66) 2644-8130-2

Energy Business : KTIS Bio Energy Co., Ltd.

Business Type : Production and distribution of ethanol

Registered Share Capital : 20,000,000 Baht

Paid-up Share Capital : 20,000,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : Nakhonsawan Province

Energy Business : Lopburi Bioethanol Co., Ltd.

Business Type : Production and distribution of ethanol

Registered Share Capital : 1,000,000 Baht

Paid-up Share Capital : 250,000 Baht

BKK office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Factory : Lopburi Province

Holding Business : Permsinpattana Co., Ltd.

Business Type : Shareholders engagement, which currently holds 26.0 per cent in EPPCO

Registered Share Capital : 317,000,000 Baht

Paid-up Share Capital : 317,000,000 Baht

Head office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Property Business : Sapsirikaset Co., Ltd.

Business Type : Real estate investment

Registered Share Capital : 311,000,000 Baht

Paid-up Share Capital : 311,000,000 Baht

Head office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Asset management Business : Kaset Thai Wiwat Co., Ltd.

Business Type : Support company's asset management

Registered Share Capital : 61,000,000 Baht

Paid-up Share Capital : 61,000,000 Baht

Head office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Support and Development Business : KTIS Research and Development Co., Ltd.

Business Type : Support company's businesses and its growth aspiration.

Registered Share Capital : 10,000,000 Baht

Paid-up Share Capital : 10,000,000 Baht

Head office : 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok
Telephone (66) 2692-0869 to 73

Other References

SEC

Securities and Exchange Commission, Thailand
333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak,
Bangkok 10900, Thailand

Telephone : (66) 2695-9999
Facimile : (66) 2695-9660
Email : info@sec.or.th
website : www.sec.or.th

SET

The Stock Exchange of Thailand
93 Ratchadapisek Road., Dindaeng, Bangkok 10400,
Thailand.

Telephone : (66) 2009-9000
Facimile : (66) 2009-9991
SET Contact Center : (66) 2009-9999
Email : SETCallCenter@set.or.th
webset : www.set.or.th

Registrar

Thailand Securities Depository Co., Ltd.
93 Ratchadapisek Road., Dindaeng, Bangkok 10400,
Thailand.

Telephone : (66) 2009-9000
Facimile : (66) 2009-9991
SET Contact Center : (66) 2009-9999
Email : SETContactCenter@set.or.th
webset : www.set.or.th/tsd

Auditor

EY Office Limited

193/136-137 Lake Ratchada Office Complex, 33th Floor
New Ratchadapisek Road, Klongtoei, Bangkok, 10110,
Thailand

Telephone : (66) 2264-0777, (66) 2661-9190
Facimile : (66) 2264-0789-90
Email : ernstyoung.thailand@th.ey.com
webset : www.ey.com

Legal Advisor

Kudan and Partners Co., Ltd.

973 Preseident Tower, 14th Floor, Unit 14C Ploenchit
Road, Lumpini, Pathumwan, Bangkok 10330, Thailand

Telephone : (66) 2656 0818
Facimile : (66) 2656 0819

Business Overview

The Company and companies in KTIS group operate a fully-integrated sugar production and distribution business as No. 3 leader in Thailand. In addition to 3 sugar factories, of which 2 are owned by the Company and 1 is leased, the Company also have ethanol plant, bleached bagasse pulp plant, power plant and bio soil conditioner plant.

The Company's businesses can be divided into 2 fields:

1. Sugar Production and Distribution Business

The Company produces sugar and distributes its sugar products to domestic and international customers through KTIS, TIS and KTIS (Branch 3). Sugar products of the Company are refined sugar, white sugar and raw sugar.

2. Downstream Business

Byproducts such as molasses and bagasse from the Company's sugar production process lead to many downstream business opportunities as listed below:

(1) Bleached Bagasse Pulp and Pulp Mold Production and Distribution Business

The Company operates bleached bagasse pulp production and distribution business through EPPCO. The group's pulp factory is located near the Company's sugar plant and can produce pulp from bagasse which is a byproduct from the sugar production process. EPPCO has 3 types of bleached pulp products: dry pulp, wet pulp and packaging products from bagasse pulp (Pulp Mold).

(2) Ethanol Production and Distribution Business

The Company operates ethanol production and distribution business through EPC and uses molasses derived from the group's sugar factories as a primary raw material. At present, EPC manufactures and distributes 2 different grades of ethanol products: industrial alcohol and fuel alcohol.

(3) Electricity Generation and Sale Business

At present, the Company's sugar factories and bleached bagasse pulp factories are equipped with electricity and steam generating modules which use bagasse, a byproduct from production processes, as

primary feedstock. The electricity and steam generated are used in the production processes of our 3 sugar factories and other factories. The surplus electricity is sold to the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authorities (PEA) under the power purchase agreements (PPAs). KTBP has also been established to operate the 60MW biomass power plant which is currently in commercial operation. The Company have new power plants to be operated by TEP and RBPB with the capacity of 50 MW each in Uttaradit province and Nakhonsawan province.

(4) Bio Soil Conditioner Production and Distribution Business

The Group produces bio soil conditioner production and distribution business through KTBF and uses recycling filter cake from sugar production process and vinasse from the biogas and ethanol production process to be raw materials in bio soil conditioner products. KTBF has 3 types of bio soil conditioner products: powder, pellet and liquid.

1. Business Goals

The Company is committed to continuous development to build a solid foundation for its sustainable growth and development and to become a leading organization in vertical integration from Agricultural products to Industrial products by expanding our internal and external business links. The Company aim to create a superior value chain for the Company's businesses which include sugar and sweetener production, biomass power generation, ethanol production, bagasse pulp production, and bio soil conditioner production. All of the Company's products and by-products are eco-friendly and safe for consumers.

Business Goals :

(1) Leader of Cane Business

The Company initiated a wide range of activities with an aim of developing the upstream businesses. Such activities include the cane breeding selection, the application of cane plantation management technology,

the technical training for cane farmers, the development of farming tools and machineries, the use of soil conditioner which is a by-product, in order to strengthen in security of supplies used in the production process.

(2) Leader of Sugar Business

The Company has consistently invested in the sugar production business. Thanks to its massive production capacity, the Company commercially benefits from the economies of scale driven by its production effectiveness, lower costs of energy, and added value of products. Raw sugar is processed into high quality refined sugar and liquid sucrose for the food industry. This is an example of how the Company adds value to its products and reflect the Company's leadership in the sugar industry.

(3) Leader of Bio Energy Business

With the expansion of its biomass power plant business, the Company has a large-scale electricity production capacity and earned extra income from its power generation business. Bagasse, which is a by-product of the sugar production process, and complement the integrated value chain of our industrial and agricultural businesses.

(4) Leader of Bio Product Business

The Company has allocated investment to the development of bagasse pulp products into high-quality and food-grade packages to add value to the Company's business and the society at large.

(5) Leadership of Ethanol Business

For value-added creation, the Company uses molasses to produce fuel-grade and industrial-grade ethanol; and enhances its ethanol production process to effectively generate and make use of bio gas which is a by-product from the ethanol production. As a result, the Company's production and business chains are fully integrated and eco-friendly at every step, and contributes to the Company's leadership in this business.

(6) Leadership in Bio Soil Conditioner Business

By-products from the sugar and ethanol production processes are developed into valuable bio soil conditioner products which are good to enrich the soil quality, the farmers can save farming costs and increase the productivity effectively.

Journey to Sustainable Growth :

(1) Research and Development

The Company has invested in research and development initiatives, focusing on the cane breed

improvement, and the development of energy crops, production technologies and machinery to sustain its growth momentum and leadership in the business complex through the diversification of products in consistent with the word "More Than Sugar". The company's portfolio includes the cane business, agricultural business, sugar and sweetener manufacturing business, biomass power business, and biomass product business.

(2) Development of Cane Farmers, Cane Farmer Network, and Raw Material Source

The Company has substantially invested in technical and R&D projects with a view to enhance the knowledge of cane farmers and the members of farmer network. In addition, the Company extended financial support to cane farmers to boost productivity in terms of the cane output per rai and the plantation area expansion. In addition to creating greater job opportunities for agricultural workers, the Company has also introduced and integrated advanced farming technologies to develop agriculture to new horizon. Farmers are encouraged to work as partners who help each other.

(3) Personnel Development

Human resources are one of its greatest assets for the Company and employees at all levels are continuously provided with learning opportunities which can help sharpen their functional skills and complement technique. Employees are encouraged to invent and be involved in innovation projects. As a part of its proactive human resources management process, the Company has worked with local and central educational institutes to offer opportunities to learn skills and knowledge relevant to the Company's business to students to build a pool of qualified candidates.

Journey to Professional Integrity and Corporate Governance :

(1) Corporate Transparency

The Company has in place the Corporate Governance Handbook and has properly disclosed relevant information in accordance with applicable requirements in the spirit of transparency and integrity. As a result, every step of the Company's processes is verifiable. The Company respects all of its stakeholders which include shareholders, executives, investors, employees, farmers, clients, suppliers, contractors, communities, governmental agencies, etc. In addition, the Company's activities have been regularly audited by internal auditors and external auditors who are independent.

(2) Contribution to Social, Educational and Environmental Development

The Company has put importance to activities which contribute to the development of the society, education, and environment, and has encouraged relevant parties to join such activities. The Company's corporate social responsibility programs such as "The Home, Temple, School and Factory Participation Program" which the participated local temples, communities and schools will be trained proper sugar cane farming knowledge. The society will be more wealthy from sugarcane and breeding species.

"The Green Village Program" will also bring benefits for the participated farmers and communities by joining hands in the fire prevention from burning cane during harvesting season. From the program the farmers will get better price by selling unburned cane. The factory will get better cane quality and also the reduction of pollution from smoke of fire on society etc.

(3) Promotion of Health and Occupational Safety

The wellness, life quality, and safety of the employees and surrounding communities are one of the Company's main focuses which the Company has to strictly comply with the Health and Safety Law. Additional to the Law, the Company set up the teams to visit the community leaders, the religious leaders, including the nearby schools, and provide periodic medical check-up services to the residents of nearby communities. These activities has become the Company normal and continuous practice.

2. History and Milestones

Kaset Thai International Sugar Corporation Public Company Limited ("the Company"), formerly known as Kaset Thai

Sugar Industry Company Limited, and companies in KTIS group are founded by Mr. Jaroon and Mrs. Hathai Siriviriyakul. With more than 51 years of professional experience in sugar business, KTIS group has extended into integrated sugar production business.

In 2013, the Company has converted into a public limited company and increased its registered capital from Baht 3,274,573,000 to Baht 3,888,000,000. In 2014, the Company has been listed on the Stock Exchange of Thailand which Baht 3,860,000,000 has been paid up and the security symbol "KTIS" on the Stock Exchange of Thailand. In 2015, the Company has increased its registered capital to Baht 3,888,000,010 and paid up capital Baht 3,860,000,010.

At the beginning, the group's sugar business was limited only to a sugar distribution in Nakhonsawan province. In 1967, Mr. Jaroon Siriviriyakul and a group of local distributors in Nakhonsawan province jointly acquired Mahakun Industry Company Limited, which has a sugar factory with the production capacity of 500 tons per day as a core asset, and renamed the company "Ruampol Enterprise Company Limited ("RPE)". With continuous improvement and development, the company's crushing capacity has increased from 500 tons of cane per day to 15,000 tons of cane per day.

In 1981, the Company acquired Thai Identity Sugar Factory Company Limited (TIS) and has continuously increased the production capacity of TIS's sugar plant to the current level of 18,000 tons of cane per day.

In 1988, the Company further acquired Kaset Thai Sugar Company Limited which then had the production capacity of 6,000 tons of cane per day. To strengthen the financial structure and liquidity position of Kaset Thai Sugar Company Limited, our leadership has forged business partnership with UT Group Partnership Limited, a Singapore-based company, in 2008 to establish Kaset Thai Sugar Industry Company Limited which has incorporated sugar factory of Kaset Thai Sugar Company Limited in its umbrella and has further expanded its production capacity to stand today as the world's largest sugar factory with the capacity of 55,000 tons of cane per day.

In 2003, the Siriviriyakul family expanded into downstream business by establishing a joint venture with Permsin pattana Company Limited and 2 Singapore-based companies, i.e. King Wan Corporation Limited and Xylem Investment Partnership Limited. The JV was named Environmental Pulp and Paper Company Limited ("EPPCO") to produce bleached pulp from bagasse which is a by-product of the sugar production process. At present, EPPCO can produce up to 100,000 tons of bleached pulp annually.

In 2004, the Siriviriyakul family founded a new company, namely Ekarat Pattana Company Limited ("EPC") under a joint venture with King Wan Industries Partnership Limited, Far East Distillers Partnership Limited and Sinotac Group Partnership Limited which are Singaporean entities to produce and sell ethanol from molasses. At present, EPC has the production capacity of 230,000 liters per day.

In 2010, the Siriviriyakul family commenced a new project that utilizes bagasse, a by-product from sugar production, for electricity generation. Kaset Thai Bio Power Company Limited ("KTBP") was established to

run a 60MW biomass power plant which has commercially operated since 7 October 2013.

In 2011, the Siriviriyakul family furthered the advancement by recycling filter cake from sugar production process and vinasse from the biogas and ethanol production process into bio soil conditioner products. Kaset Thai Bio Fertilizer Company Limited (“KTBF”) was established as a wholly-owned subsidiary of EPC in order to expand its integrated sugar business. KTBF has commercially operated and has the production capacity 15,000 tonnes of powder per year, 6,150 tons of pellets per year and 200,000 m3 of water per year.

To foster business growth through enhanced cane productivity and quality, in 2012 the Company furthered its cane farming and harvesting by purchasing 40 John Deere cane harvesters from T.K. Equipment Company Limited, an authorized dealer of John Deere in Thailand. As a condition under the cane harvester purchase agreement, John Deere will provide us training and consultation on the maintenance, repair, and development of our farming tools and equipment in order to increase the crop productivity of our farmers and in turn supply for our business operations.

In 2013, the Board and the shareholders’ meeting approved the Company’s acquisition of Thaiekaluck Power Company Limited (“TEP”) to operate a 50MW biomass power plant with bagasse provided directly by TIS. In addition, the Company has established Ruampol Bio Power Company Limited (“RPBP”) to operate a 50MW biomass power plant with bagasse provided directly by Ruampol factory.

The Board and the shareholders’ meeting also approved the establishment of Sapsirikaset Company Limited (“SSK”) to be in charge of the acquisition of lands to support KTIS group’s business expansion. In 2013, SSK has purchased a total of 2,629-1-16 rais from parties not related to the Company.

In September 2013, Sumitomo Corporation and Nissin Sugar Company Limited entered into the investment agreement to purchase the Company’s ordinary shares worth up to Baht 2,650.0 million via 3S Holding Company Limited. As the companies are globally renowned trader and sugar manufacturer, the Company expects that the trilateral synergy will help strengthen the Company’s competitiveness in the global market and business expansion in the Southeast Asia region.

In November 2013, the Board approved the establishment of (1) Lopburi International Sugar Company

Limited (“LIS”) to support the group’s sugar business expansion, (2) Lopburi Bioethanol Company Limited (“LBE”) to support the ethanol business expansion, and (3) Lopburi Biopower Company Limited (“LBP”) to support the power business expansion. The Company is applying for applicable licenses and BOI investment privilege certificates for these companies.

In September 2014, the Board approved the establishment of (1) KTIS Biogas Power Company Limited (“KBGP”) to support the power business expansion, and (2) KTIS Bio Power Company Limited (“KBE”) to support the ethanol and biomass power business. The projects are still under further research.

In August 2015, the Board of Directors approved the establishment of: (1) Kaset Thai Wiwat Co., Ltd. (“KTW”) to support KTIS Group’s asset management, and (2) KTIS Research and Development Co., Ltd. (“KTIS R&D”) to support KTIS Group’s businesses and its growth aspiration.

Events and major activities in the year 2016

On Jan 10, 2016 The Company signed an MOU with King Mongkut’s University of Technology Thonburi (Kmutt) for the cooperation in research for the development of production potential and educational support.

On July 21, 2016 The Company signed an MOU with Naresuan University for the cooperation in research and development of sugar cane and sugar technology.

On April 11, 2016 The Company signed an MOU with the University of Chiang Mai for the cooperation in research and development of sugar cane and sugar technology.

On September 20, 2016 The Company signed an MOU with The Scientific and Technological Research Institute of Thailand for the cooperation in research and development of the bio-technology in innovative products and the higher sugar cane productivity for sugar cane farmer group.

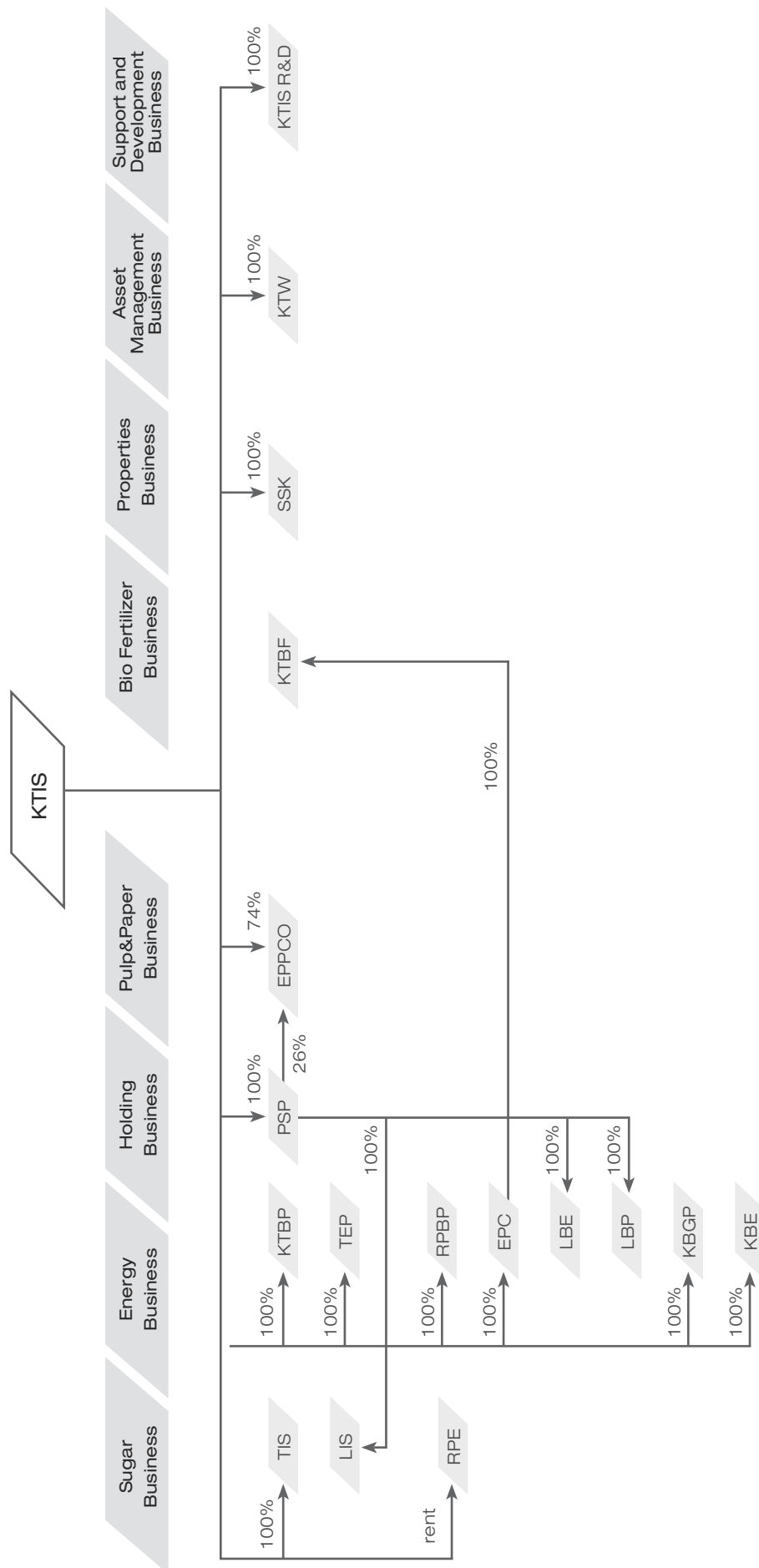
On September 22, 2016 KTIS group cooperated with Krung Thai Bank Public Co., Ltd.(KTB) to develop the financial facility called KTB e-LBD for electronic money transfer from bank to many contracted sugar cane farmers directly. This facility will save costs and times a lot for both the group and cane farmers in dealing with Bank either in paper works, document procedures and travelling cost.

Presently, the Company had invested in 16 subsidiaries and leases fixed assets from Ruampol Enterprise Co., Ltd.(RPE) as detailed following :

Subsidiary	Type of Business	Shareholding (%)
Thai Identity Sugar Factory Co., Ltd.(TIS)	Sugar production and distribution to domestic and international markets	100.0
Ekarat Pattana Co., Ltd.(EPC)	Molasses-based ethanol production and distribution to domestic and international markets	100.0
Environment Pulp and Paper Co., Ltd.(EPPCO)	Production and distribution of bleached bagasse pulp and Pulp Mold to domestic and international markets	100.0 ¹
Kaset Thai Bio Power Co., Ltd.(KTBP)	Electricity generation	100.0
Permsinpattana Co., Ltd.(PSP)	A holding company which holds 26.0% shares of EPPCO	100.0
Kaset Thai Bio Fertilizer Co., Ltd.(KTBF)	Production and distribution of bio soil conditioner products	100.0 through EPC
Thaiekaluck Power Co., Ltd.(TEP)	Electricity generation	100.0
Sapsirikaset Co., Ltd.(SSK)	Land acquisition to support the group's business expansion	100.0
Ruampol Bio Power Co., Ltd.(RPBP)	Electricity generation	100.0
Lopburi International Sugar Co., Ltd.(LIS)	Sugar production and distribution (under consideration)	100.0 through PSP
Lopburi Bioethanol Co., Ltd.(LBE)	Ethanol production and distribution (under consideration)	100.0 through PSP
Lopburi Biopower Co., Ltd.(LBP)	Electricity generation and sale (under consideration)	100.00 through PSP
KTIS Biogas Power Co., Ltd.(KBGP)	Electricity generation and sale (under consideration)	100.0
KTIS Bio Energy Co., Ltd.(KBE)	Ethanol production and distribution (under consideration)	100.0
Kaset Thai Wiwat Co., Ltd. ("KTW")	Support company's asset management	100.0
KTIS Research and Development Co., Ltd. ("KTIS R&D")	Support company's businesses and its growth aspiration.	100.0

¹ Directly holds 74.0% of the total shares and directly holds 26.0% of the total shares through Permsinpattana Co., Ltd.

3. Corporate Business Structure (As at 31 December 2016)



Nature of Business

Revenue Structure

In 2016, Sugar and molasses revenue was 75.55% of the total revenue, another 24.45% of the total revenue was from downstream businesses such as pulp

paper, electricity and ethanol etc. Details for 3 years were as follows :

	2014		2015		2016	
	Revenue (MB)	% ¹	Revenue (MB)	% ¹	Revenue (MB)	% ¹
1. Sugar and molasses sales revenue						
• Domestic	5,902.5	29.4	6,404.8	33.1	5,261.9	35.1
• International	9,741.9	48.4	8,713.5	45.1	6,074.0	40.5
Benefit from production and distribution of sugar	-	-	222.4	1.2	-	0.0
Total sugar and molasses sales revenue	15,644.3	77.8	15,340.6	79.4	11,336.0	75.5
2. Pulp sales revenue						
• Domestic	424.2	2.1	323.8	1.7	220.8	1.5
• International	1,174.0	5.8	981.7	5.1	675.4	4.5
Total pulp sales revenue	1,598.2	7.9	1,305.5	6.8	896.1	6.0
3. Ethanol sales revenue						
• Domestic	1,740.3	8.6	1,638.6	8.5	1,634.4	10.9
• International	0.0	0.0	0.0	0.0	-	0.0
Total ethanol sales revenue	1,740.3	8.6	1,638.6	8.5	1,634.4	10.9
4. Other sales revenue						
• Electricity sales revenue	616.0	3.1	538.3	2.8	699.6	4.7
• Revenue from other sales and services	521.3	2.6	505.2	2.6	439.5	2.9
Total other sales revenue	1,137.2	5.7	1,043.6	5.4	1,139.1	7.6
Total revenue	20,120.1	100.0	19,328.2	100.0	15,005.6	100.0

Source: The Company's financial statements.

Sugar : Production and Distribution Business

The capacity of the Company's sugar factories is approximately 88,000 tons of cane per day. The Company produces and sales sugar to domestic and international customers. The products can be categorized into 3 types: refined sugar, white sugar, and raw sugar.

(1) Raw Sugar

Raw sugar crystals are dark brown in color and the color index of raw sugar ranges from 1,001– 3,800 ICUMSA . This type of sugar must be purified and processed into white sugar or refined sugar and cannot be consumed directly.

The Company specially produce J-spec raw sugar according to the Japanese regulatory standards, for export to Japan and acquires high J-spec raw market share.

(2) White Sugar

White sugar is raw sugar that has been purified to remove impurities in sugar crystals. Its color is lighter than raw sugar, either light brown or white, and ranges from 46 – 1,000 ICUMSA. This type of product is typically used in soft drinks and convenience food businesses as well as household consumption.

Details of the Company's sugar products are shown in the table below:

Product	Color (ICUMSA)	Polarization ² (%)	Moisture (%)
J-Spec Raw Sugar	1001 – 3800	96.00 – 97.99	Not exceeding 0.6
Raw Sugar	1001 – 3800	Not less than 98.00	Not exceeding 0.6
White Sugar	46 – 1000	Not less than 99.50	Not exceeding 0.04
Refined Sugar	0 – 45	Not less than 99.80	Not exceeding 0.04

Source: KTIS.

Sugar : Market Conditions and Competition

Global Market Conditions

Sugar is one of the most important commodities in the world. Major sugar producers are Brazil, India, European Union, Thailand and China. Asia is the continent that records the highest sugar output, accounting for 35.4% of the global output in the production year 2015/2016. Thailand is the world's 3rd largest sugar producer but the domestic sugar consumption rate of Thailand is relatively small for its production. As a result, Thailand can export sugar in large quantity, being the 2nd largest sugar exporting country in the world.

Major Changes in Global Sugar Market in Past Decade

(1) Sugar Trade Liberalization in Brazil

When the sugar trade liberalization was first introduced and the controls were eventually relinquished in Brazil, it had caused structural changes to Brazilian sugar industry and signification increase in the country's sugar exports. As Brazil is the largest exporter in the world market, any factors effect Brazilian sugar industry, will have material impact on the global sugar market such as the movement of Brazilian Real, Brazil's sugar and ethanol policies etc.

(3) Refined Sugar

Refined sugar is raw sugar that, similarly to white sugar, has been processed to remove impurities in sugar crystal. Refined sugar has a higher level of purity than white sugar and is crystal white in color with the color index of 0 – 45 ICUMSA. This type of product is suitable for industries which required sugar with high purity index such as pharmaceutical industry and beverage and energy drinks industry.

(2) Lower Sugar Production in EU Countries

In 2004, the World Trade Organization (WTO) ruled that EU's sugar subsidies violated the General Agreement on Tariffs and Trade (GATT) and thus cut its support for EU's sugar production. Therefore, the refined sugar exports of EU under WTO's quota reduced from approximately 6.0 million tons per year to approximately 1.7 million tons per year. From 2017, EU will abandon the regulation which had been limiting their sugar production and expected to resume exports.

(3) Asian Economic Growth

The continuous economic growth of Asian countries, especially China, India and ASEAN countries, led to higher sugar consumption and production of the region. At present, Asia's sugar production is around 60–70 million tons per year while the consumption outpaces the production. Hence the need for sugar imports at more than 20.0 million tons each year.

¹ ICUMSA is a standard unit for measuring sugar color factor. Sugar with higher purity has lower color index level.

(4) Higher Investment in Commodity Markets by Funds and Speculators

During the past 5–10 years, funds and speculators have increased their investment in commodity markets, especially agricultural commodities and sugar commodities. This has intensified the sugar price volatility and influence from non-fundamental factors, such as macro market, technical indicators, currencies, and ethanol parity.

(5) Sugar Demand and Supply

In 2015/2016, the global sugar output was forecast at approximately 177.3 million tons, decreasing from 183.0 million tons mainly due to El Nino effect while the consumption was expected to increase to approximately 179.6 million tons, 1.0% higher than the previous year's consumption of 177.8 million tons. Then the sugar supply balance turned to be deficit for the first time in 6 years. As a result, the global sugar price was in uptrend after getting away from the bottom.

In 2016/2017 the global balance remains tight. Centre/South Brazil's crop is expected to be smaller. In China the government is rumored to be considering a reduction in the import license and in India the domestic prices rally likely to be the signal that imports are required. Thus, although the global sugar output is forecast to increase to 180.6 million tons, the consumption should continue to grow to 181.7 million tons. Then the world supply/demand is expected to be deficit for the second time in a row.

Source: LMC International, Sugar and Sweeteners Market Report, Fourth Quarter 2016.

In the production year 2015/2016, Thailand produced 9.785 million tons of sugar while the domestic demand was only 2.6 million tons, leading to the excess of 7.185 million tons for export. Domestic sugar prices are controlled by the Ministry of Commerce according to the annual notification of the Central Committee on Goods and Services Prices regarding the sugar pricing and selling conditions.

In the production year 2015/2016, Thailand have 52 sugar mill and recorded the total sugar output of 9.785 million tons as shown below:

Producer	Number of Sugar Factory of Each Producer	Sugar Output (Ton)	Market Share (%)
Mitr Phol Sugar Group	6	1,964,783.573	20.08
Thai Roong Ruang Sugar Group	8	1,388,626.389	14.19
Khon Kaen Sugar Group	5	773,602.420	7.91
KTIS Group	3	723,599.610	7.39
Korat Industry Sugar Group	2	578,060.000	5.91
Wangkanai Sugar Group	4	512,920.130	5.24
Cristalla Sugar Group	3	476,570.562	4.87
Banpong Sugar Group	2	436,435.884	4.46
Kumphawapi Sugar Group	2	301,413.935	3.08
Thai Kanchanaburi Sugar Group	2	287,642.833	2.94
Khonburi Sugar Group	1	286,197.030	2.92
Mitr Kaset Sugar Group	2	220,436.474	2.25
Others	12	1,835,360.421	18.76
Total	52	9,785,649.261	100

Source: 2015/2016 Cane and Sugar Production Report as of the End of Cane-Crushing Period, Office of Cane and Sugar Board.

Sugar : Competitive Strategy

(1) Security of Raw Material Supply

The Company has put importance to investments and developments in terms of academic sectors, service excellence, farmers' knowledge and cultivation system which contribute to better quality of sugar products and plantations. With a reliable source of quality raw material supplies, our sugar business and other downstream businesses are able to proceed for continuous and sustainable growth.

(2) Production Efficiency and Cost Reduction

The Company has steadily invested in our human resources and machineries in order to improve our production efficiency, and also planed to increase the sugar production capacity to capture the advantage of economies of scale, which will result in lower average costs. The Company employs a team of engineers who are capable of investing and developing our own machinery at the lower cost than purchases of imported machineries. In addition, this team of engineers can maintain and repair the majority of our machineries without third-party assistance.

Sugar : Distribution Channel

(1) Industrial Customers

Industrial customers purchase sugar products with the intent of using them as raw materials in their production process and typically procure sugar products in a large volume under annual purchase agreement. The Company has successfully attracted and retained industrial customers who comprise a large proportion of the Company's sales revenue as a result of the Company's reliability in terms of stable supply, fine quality, and punctual delivery. The industrial customers are as follows:

Type of Industrial Customer	For the year ended					
	2014 (Sales Record)		2015 (Sales Record)		2016 (Sales Record)	
	Quantity ¹ (Ton)	%	Quantity ¹ (Ton)	%	Quantity ¹ (Ton)	%
Beverage Industry	93,325.05	45.8	93,879.85	44.8	85,775.61	41.98
Food Industry	19,597.05	9.6	27,758.15	13.2	41,643.82	20.38
Dairy Products Industry	90,835.95	44.6	87,244.15	41.6	76,384.19	37.38
Candy	31.00	0.01	744.00	0.4	527.00	0.26
Total	203,789.95	100.0	209,626.15	100.0	204,330.62	100.0

Source: KTIS

¹ Consolidated sales of the following 3 sugar factories:

1. Sugar factory operated by Kaset Thai International Sugar Corporation Pcl. (KTIS)
2. Sugar factory operated by Thai Identity Sugar Co., Ltd. (TIS)
3. Sugar factory which KTIS has leased from Ruampol Enterprise Co., Ltd. (RPE) under a long-term lease agreement

(3) Mitigation of Impact of Natural Disasters

Recognizing the threats from natural disasters, such as drought and pest infection, to our raw material supply, the Company has developed several corrective and preventive measures by introducing innovations and techniques derived from the Company's researches and studies for better agricultural productivity. For examples the drip irrigation system which can solve the issue of water supply shortage during the dry season and the biological pest control technique which makes use of natural enemies such as Trichogramma spp., Cotesia sp. and Earwigs.

(4) Development of Value-Added Products

The Company strives to convert byproducts and waste into value-added products in order to increase the value for our shareholders and minimize waste from the sugar production processes. Under the visionary leadership of our management team, we aim to create an eco-friendly supply chain through the application of clean and eco-friendly technologies. The Company has collaborated with Sumitomo Corporation Co., Ltd., our strategic partner and investor, and other world-class organization in continuously adding value to core products and byproducts.

(2) Distributors

The Company sells sugar by way of the “ex-factory” method to distributors which comprise a smaller proportion of the Company’s sales revenue, compared to industrial customers. This is partially because the Company has to sell sugar to distributors at a discount to the prices announced by the Ministry of Commerce. The discount rates depend on the prevailing market conditions and demand.

(3) Overseas Customers

Sugar exports to Japan accounts for approximately 60.0% of the Company’s total export sales. Most of overseas customers are sugar traders, including well-known companies such as Cargill International S.A., Bunge Agribusiness Singapore Pte. Ltd., Sumitomo Corporation, Marubeni Europe Plc. and Mitsubishi Corporation etc. The Company has particularly focused on Japanese traders as target customers for our J-Spec raw sugar.

Bleached Bagasse Pulp and Pulp Mold : Production and Distribution Business

The Company operates bleached bagasse pulp production and distribution business through EPPCO, which has the production capacity of approximately 100,000 tons per year. The factory is currently the only mill that can produce bleached bagasse pulp which is a byproduct from the Company’s sugar production process. EPPCO has 3 types of bleached pulp products: dry pulp and wet pulp and packaging products from bagasse pulp (Pulp Mold).

(1) Dry Pulp

Dry pulp is made from bagasse with a moisture content of about 10 – 12%. It weighs about 250 kilogram per bale and has a brightness of no less than 80% ISO with TAPPI dirt count of less than 10 ppm. Dry pulp is a core product of bleached bagasse pulp business.

(2) Wet Pulp

Wet pulp is made from bagasse with moisture content of about 50. – 52.0%. It weighs about 225 kilograms per bale but has the same brightness and TAPPI dirt count as dry pulp. It can be used more easily than dry pulp in a paper manufacturing process because of its higher moisture content, which saves time in the re-boiling process. However, wet pulp has a shorter storage period than dry pulp and incurs higher transportation costs. Thus, EPPCO distributes wet pulp only to domestic customers.

(3) Packaging products from bagasse pulp (Pulp Mold)

Pulp Mold used bagasse pulp 100% as raw material to produce different types of packaging products at EPPCO factory. The products will be bio-degradation which are Eco friendly products consistent with the demand trend for products that save the environment in both domestic market and worldwide. The products will add value to EPPCO bagasse pulp.

Bleached Bagasse Pulp : Market Conditions and Competition

(1) Global Market

The global economic slowdown in 2016 had wide-scale impact on the pulp and paper industry, especially printing and writing paper, which was plagued with oversupply and decreasing purchase orders. Despite excessive supply, short fiber pulp from the producers in the Latin America strived to increase the pulp prices. Although, due to their clients could not increase the prices of finished products, their attempts met little success. Consequently, the selling price of long fiber pulp has declined by USD 10–15 per ton from Q1/2016 to Q4/2016 and the price of short fiber pulp decreased by USD 35–45 per ton between Q1/2016 to Q4/2016.

1.1) Selling Price of Pulp in December 2016

In Chinese market, the selling price of long fiber pulp decreased from USD 580–600 per ton recorded in December 2015 to USD 570–590 per ton in December 2016. The price of short fiber pulp decreased from USD 580–620 per ton in December 2015 to USD 500–510 per ton in December 2016. For other East Asian markets, the price of long fiber pulp decreased from USD 590–620 per ton in December 2015 to USD 590–610 per ton in December 2016, while the short fiber pulp decreased from USD 595–620 per ton in December 2015 to USD 500–520 per ton in December 2016 .

Source: PPI ASIA’s report as of 9 December 2016

1.2) 2017 Global Market Outlook

In 2017, the trends of pulp and paper industry situation continue to decelerate from the world economic factors which show unclear signs of recovery. Combined with the conditions of the oversupply of pulp & paper will impact the rise in prices especially short Bleached Eucalyptus wood pulp.

There will be investment plans to expand the long fiber pulp production capacity in North America approximately 1.5 million tons, short fiber pulp from Eucalyptus wood in South America approximately 3.0

million tones and short fiber pulp from Acacia in Indonesia approximately 1.5 million tons while the demand of paper still does not change much. While the demand of short fiber pulp will increase as forecast, but the oversupply still exists until the end of 2017, so the price could not go up.

2) The Country Situation

On Q3/2016 the pulp, paper and publication industry compared to the same quarter of the previous year found that the productivity index of pulp & paper increased consistently with the demand of packaging industry and the increase in export to Asian countries. However, the pulp exports had decreased in value, which resulted from the oversea buyers' economic uncertainty and slowdown in investment sectors but the export value increased in paper and publications for advertising business and educational books in Asian market.

The import value of paper pulp, waste paper and paper products reduced due to the increase in domestic production that could serve demand sufficiently.

2. 1) Manufacturing Situation At Q3/2016

When compared to the same quarter of the previous year. It showed that the production index of paper pulp, writing paper, cardboard and corrugated paper increased 3.89, 15.06, 4.82 and 4.16 percent respectively. As the demand of packaging products for food, beverage industry and cosmetics had expanded in order to meet the needs of consumers and supported the export of paper and paper products to the Asian countries for their expansion trend. The output of writing paper reduced 2.94 percent due to the decrease of consumer demand and cheaper price of imported paper from abroad.

Compared to previous quarter, the production index of paper pulp, writing paper, cardboard, Kraft paper and corrugated paper increased 8.76 0.63 1.38 0.83 and 5.10 percent respectively as it was the delivery time to prepare the packaging paper and celebration cards on Christmas and New Year Festivals.

There were nine factories of paper production and packaging paper production requested for operation license, two factories requested for expansion, another 3 factories stopped operations while ten printing houses requested for operation license and two printing houses requested for expansion.

2.2) Export Situation At Q3/2016

1. paper pulp The export value USD 27.11 million dropped 42.45 and 24.90 percent from the same quarter of previous year and previous quarter due to the slowdown in exports of paper pulp to France which had economic volatility and slow industrial investment.

2. paper and paper products The export value USD 422.18 million increased 5.60 percent from the same quarter of previous year due to the increasing in export of packaging paper to Asian markets. Main markets are South Korea, Viet Nam and Indonesia .

3. the books and publications The export value USD 19.77 million increased 30.75 and 21.74 percent from the same quarter of previous year and previous quarter due to the expansion of export in advertising publications, and educational books to Indonesia and Hong Kong.

2.3) Import Situation At Q3/2016

1. paper pulp and paper scraps The import value USD 171.69 million decreased 1.77 percent from the same quarter of previous year due to the increase of production and self-sufficient but when compared to Q2/2016 there was an increase in import of chemical pulp about 15.39 percent in order to serve the demand for paper and paper products for the festival at year end.

2. paper and paper products the import value USD 336.38 million decreased 6.45 percent from the same quarter of previous year and decreased 3.01 percent from the previous quarter. Although the increase in import of cardboard and packaging paper from abroad but the appreciation of baht currency caused the value to reduce.

3. publications the import value USD 87.25 million increased 57.37 percent from the same quarter of previous year and increased 6.39 percent from the previous quarter due to the increase in import of photo publications and premium publications which had high price from South Korea as there were many Singing Concerts and Artists Shows from South Korea in Thailand.

2.4) Related Government Policies

The Government's competitive advantage policies and financial policies to promote the small and medium enterprises (SMEs) will be the stimulus factors for expansion of the supported paper and packaging industry

The Ministry of finance still considers the proposals of the pulp and paper industry association of Thailand to change the export tax rate on eucalyptus wood from 0 percent to be more appropriate rate to be fair on business competition and prevent a shortage of raw materials. Since the shortage of eucalyptus wood as a raw material in the production of paper pulp caused by some private groups bought eucalyptus wood from farmers at higher price than those sold to pulp and paper production plants in the country and exported to Japan.

2.5) Summary and Trends

At Q3/2016, the production index of paper pulp, cardboard, Kraft paper, and publications increased from the same quarter of previous year and previous quarter due to the demand expansion for industrial packaging as well as the export expansion to Asian countries. For the production index of writing paper decreased compared to the same quarter of previous year due to low demand and cheap paper imports from abroad.

The export value of paper pulp decreased from the same quarter of previous year and previous quarter because of continuous low export to major countries i.e. France caused by the fluctuations in the economic and industrial sectors etc. For the export value of paper and paper products increased from the exports of packaging paper to Asian countries. In addition the export for books and publications had higher value than the previous quarter as the advertising publications and educational books expanded.

The import value of paper pulp and paper scraps decreased from the same quarter of previous year due to increase of domestic production and self-sufficiency. Compared to the previous quarter, there was an increase of chemical pulp imports to serve the demand at the year-ended festivals. The import volume of paper and paper products reduced, but the import value increased derived from the import of higher-value publication i.e. photograph paper etc. from South Korea as there were many Singing Concerts and Artists Shows from South Korea in Thailand.

Thailand economic trends in the year 2017, the export will likely improve gradually and the weakening of Thai Baht help supporting the export expansion of paper pulp and paper industries, especially packaging paper.

Source: the Office of industrial economics, Ministry of industry.

Bagasse pulp market situation 2016 , and trends in 2017

Although slow recovery of global economy and some countries in 2016, there were continuous demand of bagasse pulps both domestically and abroad. As the price of short fiber pulp still decreased worldwide because of over supply condition, some manufacturers changed to increase the proportion of low price short-fiber pulp from Eucalyptus wood for their productions.

Main industrial customers for bagasse pulp are Eco friendly packaging productions who use bagasse pulp as a raw material to create environmental products image which include printing paper and tissue paper customers.

In 2016, the company reduced the price according to the decrease in the world price of paper pulp, while the continuous purchase orders of bagasse pulp in the domestic and foreign markets still existed.

In 2017, the global and domestic economy will recover slowly, and demand of bagasse pulp still increase, especially foreign exports which will be benefit from the weakening of Thai Baht currency. As forecast, the company will produce bagasse pulp same quantity as 2016, which the production costs are still at a high level and the selling price will be considered suitably based on the world paper pulp price.

The largest paper pulp manufacturers in 2016 were as follows:

Manufacturer	Capacity of production (' 000 tons)	The type of the raw materials
Double A	560	Eucalyptus wood.
Phoenix Pulp & Paper	240	Eucalyptus wood.
Panjapol Pulp Industry	110	Eucalyptus wood.
SCG Paper	107	Eucalyptus CTMP
EPPCO	100	Bagasse
Siam Cellulose	86	Eucalyptus wood.
Fiber Pattana	20.	UHT box
Thai Gorilla Pulp	9.	Palm leaves.
Total	1,232	

Source : 2013 – 2015 Directory of the Thai Pulp and Paper Industries Association (TPPIA).

Market situation of packaging products from bagasse pulp (pulp mold) 2016/2017

The growth of demand for Eco friendly packaging products, especially from bagasse pulp increases continuously. The large producers in China still have the production expansion plan to supply for the world's growing demand.

Thailand presently has two manufacturers of the packaging products from bagasse while such product requirements are growing continuously. The support and campaigns from the Government and private sectors have helped the growth of Eco friendly packaging products over 2016 and trends to grow continuously in 2017.

Bleached Bagasse Pulp : Competitive Strategy

(1) Reliable Raw Material Source

EPPCO has a strong raw material security as its bagasse supply is primarily provided by the Company and factories in KTIS group which altogether record the cane-crushing capacity of more than 10,000,000 tons of cane per year. This enables EPPCO to effectively plan its bagasse-based production in advance. With the raw material security, EPPCO can provide its clients with reasonable assurance of EPPCO's ability to satisfy their demand.

(2) Low Cost of Raw Materials

EPPCO has lower production costs, compared to other pulp manufacturers, largely thanks to the short distance between EPPCO factory and the Company's factories being EPPCO's suppliers. The delivery of supply through conveyor belt system instead of trucks which leads to substantial save transportation costs.

(3) Environmental Friendliness

Bleached bagasse pulp of EPPCO is virgin pulp which is made from bagasse and thus is environmentally friendly. The increasing environmental awareness has led to the rise in demand for EPPCO's eco-friendly products. EPPCO's bleached bagasse pulp factory is the first pulping factory that is awarded the ISO 22000 food safety accreditation and the GMP&HACCP certification from SGS (Thailand) Co., Ltd. which guarantee that its products are safe for consumption and can be used as raw material for food packaging production.

Bleached Bagasse Pulp : Distribution Channel

(1) Domestic Distribution

EPPCO distributes bleached bagasse pulp directly to industrial customers on a monthly basis or as agreed with customers. Strategic customers of EPPCO include major leading paper product manufacturers in Thailand using eco-friendly pulp in their operations such as SCG Paper Pcl., Kimberly-Clark (Thailand) Co., Ltd., Berli Jucker Co. Ltd., Cellox Co. Ltd. and Biodegradable Packaging for Environment Co. Ltd. To promote customer satisfaction, EPPCO has technical sales personnel who are highly knowledgeable and can provide customers with useful information for correct and efficient use of bleached bagasse pulp.

(2) Overseas Customers

Generally, distribution of bleached bagasse pulp to international markets is made through brokers. Our sales through spot contracts comprise approximately 90.0% of our total export sales while the remaining 10.0% is under long-term contracts. To mitigate associated risks, our selection of brokers is based on their ability to penetrate markets which have strong pulp demands and their credibility. EPPCO's management team has implemented proactive marketing activities such as participation in trade expos to attract new customers. Sales through brokers enable EPPCO to determine the price and quantity of the product it intends to sell at its discretion, without having to negotiate with the end customers. EPPCO's revenue is primarily from international sales which accounted for approximately 70-78% of its total revenue during the year. EPPCO's brokers include leading international companies such as Marubeni Corporation, OG Corporation, Beijing China Base Star Paper Co., Ltd. and Inter fiber Asia Pte. Ltd.

Pulp Mold products : Distribution channel

The sales proportion target is about 90-95% for the foreign market and 5-10% for domestic market at the beginning. The demand of domestic and foreign countries for eco-friendly products are still high, so the company continues to develop the type and variety of products to cope with the needs of consumers both domestically and abroad in the future.

(1) Export Sales

As the markets for Eco friendly packaging products are in Europe and America, so the company has to sell through the experienced sale agents and distributors for large volume distribution in order to reach the dealers and consumers which are better way than Original Equipment Manufacturer (OEM) or selling directly under its own brand abroad.

(2) Domestic Sales.

Domestic customers are environmental oriented group which the company has many distribution channels as follows,

1. 2.1 Large retail and modern trade stores (Big C, Lotus, Makro, The Mall, TOP, Central, Department Store, Seven Eleven) under own brand and/or OEM for large retail stores.
2. Provincial wholesalers of packaging products, and sale agents across the country.
3. Direct sales to organizations, government agencies, hospital, schools, universities and other institutions.
4. Online Marketing (under development).

Ethanol : Production and Distribution Business

The Company operates ethanol production and distribution business through EPC and uses molasses derived from the group's sugar factories as a primary raw material which record the maximum production capacity of 230,000 liters per day or 75,900,000 liters per year. EPC is licensed to produce 3 different grades of ethanol products: potable alcohol, industrial alcohol and fuel alcohol. Presently, EPC manufactures industrial alcohol and fuel alcohol at the market.

Ethanol : Market Conditions and Competition

(1) Global Market Conditions

The ethanol price in USA fell 6.1% YOY in consistent with lower production costs. Its consumption increased 4.8% YOY due to USA policy to increase about 10.5% of ethanol blended in gasohol.

The ethanol price in Brazil increased 43.2% YOY in consistent with higher transportation costs due to inconvenient transportation caused by rain. The trends in ethanol price will increase slightly with the same direction as the oil price will be increased from OPEC group agreement to control the oil production. Meanwhile the world sugar price trends to be higher and Brazil sugar producers will switch to produce more sugar than ethanol. The ethanol consumption decreased 3.2% YOY due to higher domestic price of gasohol. People changed to use gasoline which contained no ethanol especially gasoline grade A and C

The ethanol price in the world market is projected to be between 0.47– 0.57 USD per liter.

Source : the ethanol price situation reports, Thailand's third quarter 2559 Bank of Thailand .

(2) Ethanol : Domestic Market Conditions

The Thai ethanol reference price decreased 14.9% YOY due to lower oil price and lower costs of ethanol produced from cassava. The domestic demand for ethanol was approximately 3.6 million liters per day, up a little bit from previous year since the low oil price causes more cars driving in transportation. The consumption of gasohol increased 14.3% YOY which was 2,639.2 million liters.

At present, Thailand can annually produce 1,098 million liters of ethanol from molasses and 522 million liters from cassavas.

In 2016, there were a total of 21 ethanol production plants commercially operating in Thailand with the daily output capacity of 5.04 million liters in aggregate. The average ethanol demand is 3.6 million liters per day. Nonetheless, only a limited number of ethanol producers can operate at full capacity 365 days a year, the daily average output is less than the actual capacity. The major ethanol producers are:

No.	Company	Capacity (Liter/day)	Production Material
1	Mitr Phol BioFuel Co., Ltd. (Chaiyaphum)	500,000	Molasses
2	E85 Co., Ltd.	500,000	Cassava /Starch
3	Ubon Bio Ethanol Co.,Ltd	400,000	Cassava /Cassava Chips
4	Thai Agro Energy PCL	350,000	Cassava/Chips/ Molasses
5	Khon Kean Alcohol Co.,Ltd (Bo Ploi)	300,000	Molasses
6	Taiping Ethanol Co Ltd.	300,000	Cassava
7	Ekarat Pattana Co.,Ltd	230,000	Molasses
8	Mitr Phol BioFuel Co., Ltd.(Kalasin)	230,000	Molasses
9	Maesod Clean Energy Co., Ltd.	230,000	Cane juice
10	Thai Sugar Ethanol Co.,Ltd	200,000	Molasses
11	Other	1,800,000	
Total		5,040,000	

Source : Department of Alternative Energy Development and Efficiency

Ethanol : Competitive Strategy

(1) Product Variety

EPC offers a wide range of products for different needs of customers in each industry. EPC's ethanol plant is licensed to produce 3 different grades of ethanol products: potable alcohol, industrial alcohol and fuel alcohol. The product variety has contributed to EPC's competitive edge in international markets over many other ethanol plants in Thailand which mostly are licensed to produce only fuel alcohol production for domestic distribution.

(2) Reliable Product Delivery

EPC's punctual and reliable product delivery to customers is one of its key strengths. With steady molasses supply from factories in KTIS group for its ethanol production process, EPC is safe from the raw material shortage issue and can punctually deliver products to its customers, leading to strong customer confidence and trust in EPC.

(3) Product Quality

Committed to achieving excellent quality standards, EPC has continuously attempted to develop the quality of its products. All ethanol products of EPC are therefore meet regulatory quality standards. In

addition, EPC's distillation columns have been developed to accommodate the production of Korean B grade ethanol which is high quality product commonly sold in the international market.

(4) Marketing Strategy

Recognizing the intensifying competition in the energy industry, EPC has proactively formulated and implemented marketing strategy to grow its customer base, especially in offshore markets. This includes EPC's regular participation in meetings and training courses arranged for domestic and international ethanol producers to reap benefits from opportunities to meet with customers and intermediaries as well as to continuously expand its customer base.

Ethanol : Distribution Channel

(1) Domestic Customers

EPC produces ethanol with 99.5% purity for domestic oil dealers to use for blending as biofuels to support the government's policy to promote the consumption of alternative energy and the reduction of

imported fuels and crude oil. EPC's major customers, defined as "traders" under Section 7, are PTT Pcl., Thai Oil Pcl. and Bangchak Petroleum Pcl. As of 31 December 2016, revenue from domestic sales of fuel alcohol accounted for 100% of the total annual revenue from ethanol sales.

(2) Overseas Customers

EPC's ethanol products are sold to overseas customers through distributors. Previously, EPC exported industrial alcohol with 95.5% purity and fuel alcohol with 99.5% purity to overseas markets.

Following the implementation of the Ministry of Energy's policy to discontinue 91-octane gasoline sale on 1 January 2013, the rate of domestic ethanol consumption has risen and EPC has since discontinued its export of fuel alcohol and industrial alcohol to overseas markets.

Electricity : Generation and Distribution Business

The Company's sugar factories and bleached bagasse pulp factories are equipped with electricity and steam generating modules which use bagasse, a byproduct from sugar production, as primary feedstock. The electricity and steam generated are used in the production processes of our 3 sugar factories and other factories. The surplus electricity is sold to the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authorities (PEA) under the power purchase agreements (PPAs) which the selling contracts will be under Feed in Tariff term instead of adder term in 2017. Kaset Thai Bio Power Co., Ltd. (KTBP) has been established to operate the 60MW biomass power plant which is currently in commercial operation. The Group has another two new power plants to be operated by TEP and RBPB with the capacity of 50 MW each in Uttaradit province and Nakhonsawan province which TEP has operated and sold electricity to EGAT since April, 2016 and RBPB is expected to operate in Q1/2017.

Electricity : Market and Competition

(1) Domestic Market and Industry

As the Power Development Plan 2015 (PDP 2015), The Ministry of Energy has developed the Thailand Integrated Energy Blueprint which is comprised of the following 5 master plans:

1. Thailand Power Development Plan (PDP);
2. Energy Efficiency Development Plan (EEDP);
3. Alternative Energy Development Plan (AEDP);
4. Natural Gas Management Plan; and
5. Oil Management Plan

Alternative Energy Development Plan (AEDP) aims to promote the renewable and alternative energy development in each zone to maximize their potentials. Over the past years, the growth of renewable energy looked well from the support by the Government sector as main factor to encourage the greater consumption of renewable energy to replace fossil fuel at least 20 percent. Currently the electricity generation can only be produced about 42 percent of the plan. In 2036 it is targeted to produce electricity generation from renewable energy about 19,684.40 MW.

The renewable energy groups that trend to increase more production are biomass energy, solar energy and energy from waste while wind energy is still far from the target. Biomass energy is one of the groups that the Government provides support because Thailand is an agricultural country and there are a lot of waste materials from agricultural farming which can be used as alternative fuels to produce electricity. Especially cane farming, the Ministry of industry plans to develop 300 million tons of sugar cane yield in the future.

(2) Domestic Electricity Use

In 2016, the Net Peak Generation Requirement was recorded at 29,619 MW on May 11, 2016 at 10.28 p.m. which was 8.30% higher than 27,346 MW in June 11, 2015 at 2.02 p.m. while October 2016, the peak load was still high at 26,015 MW.

(3) Domestic Electricity Generation Capacity

At the end of October 2016, the electricity generation capacity totaled 41,096 MW not including very small electricity producer.

Details are as shown below:

EGAT	16,385 MW	40 %
Independent Power Producer (IPP)	14,994 MW	36 %
Small Power Producer (SPP)	5,885 MW	14 %
Electricity Import	3,878 MW	10 %
Total	41,096 MW	

The proportion of electricity generation from different types of fuel.

Natural gas	167,829 GWH	64 %
Imported coal and lignite	31,036 GWH	18 %
Import	16,438 GWH	10 %
Renewable energies	10,339 GWH	6 %
Hydropower	2,863 GWH	2 %
Fuel oils	466 GWH	0.3 %

The Proportion of Renewable Energy for Electricity Generation

Renewable energy	Unit	Target 2036	2012	2013	2014	2016	3Months 2016	Target 2016 (%)
Wind	MW	3,002.00	111.73	222.71	224.47	233.90	233.90	7.8
Solar	MW	6,000.00	376.72	823.46	1,298.51	1,419.58	1,692.63	28.2
Waste	MW	550.00	42.72	47.48	65.72	131.68	146.38	26.6
Bio gas	MW	1,280.00	193.40	265.23	311.50	372.51	393.21	30.7
Small hydro power	MW	376.00	101.75	108.80	142.01	172.12	172.12	45.8
Bio mass	MW	5,570.00	1,959.95	2,320.78	2,451.82	2,726.60	2,726.60	49.0
Large hydro power	MW	2,906.00	-	-	-	2,906.40	2,906.40	100.0
Total	MW	19,684.00	2,786.27	3,788.46	4,494.03	7,962.79	8,271.24	42.0

Electricity : Competitive Strategy

In addition to the production efficiency which the Group has consistently enhanced through the continuous improvement of the electricity generation process, feedstock is another key success factor for the electricity business. The Group's biomass power plants use bagasse derived from the sugar production process as the primary feed stock. Additionally, the Group has developed the production process to reduce energy consumption for saving bagasse and has also researched on a variety of energy crops to identify additional feedstock sources to increase its revenue from electricity business.

Electricity : Distribution Channel

Steam and electricity generated by the Group's power plants are used in 3 sugar factories and while the surplus electricity is sold to EGAT or PEA pursuant to each power plant's PPAs.

Bio Soil Conditioner : production and distribution business

The Company has its own bio soil conditioner manufacturing plant in Nakhonsawan which processes filter cake and vinasse into bio soil conditioner products. There are 3 product types; powder product, pellet product and fluid product. Filter cake is derived from sugar production process while vinasse is from the biogas and ethanol production process. Kaset Thai Bio Fertilizer Company Limited (KTBF) was established at Taklee District, Tambon Nongpho, Nakhonsawan as arm of the Company's integrated sugar business. The plant produces and supplies bio soil conditioner products to the group's sugarcane farmers at 150,000 tons of powder product, 10,000 tons of pellet product and 200,000 tons of fluid product.

Bio Soil Conditioner:Market and Competition

At the early period of 2016, the drought situation caused very low rainfall in many areas. The unfavorable weather conditions have caused the overall agricultural productivity to drop, particularly in upland areas where groundwater irrigation is not viable and natural water source was unavailable. The suppliers of production factors like fertilizers and chemical herbicides were not aggressive amid the weak economy which has continued from the previous year until 2016. The shortage of water supply which prompted the government to order restriction on the irrigation for farming (particularly rice farming in river basin regions), additionally, many agricultural product prices were low and not worth to cultivate i.e. rice, corn, cassava etc. discouraged the utilization of production factors. As a result, bio soil conditioner manufacturers of different sizes opted for a conservative stance, focusing on protecting their territory rather than aggressively expanding the market. Promotional activities were also muted.

The clarity of market conditions is essential for the ability to rightly strategize the inventory planning for mass production. In order to avoid future overlaps in marketing of products, insight into the key elements of the market must be ensured.

Bio Soil Conditioner :Competitive Strategy

The Company has the policy to encourage its contracted farmers to use KTBF's products.

1. The Company and farmers jointly analyze the bio soil conditioner to identify which KTBF's products are suitable for their plantation.
2. As raw materials used in the bio soil conditioner production are sourced among the group, the Company's products are cheaper. Farmers can thus reduce their costs and increase productivity.
3. The Company treats the packaging as a priority and uses colored sacks with double seals for greater durability.
4. The Company offers delivery services for its bio soil conditioner products.
5. Periodic plant touring programs for the targeted farmers to see the production process and provide knowledge of the products usage technique.
6. Run the demonstration farms so that the farmers are able to see the productivity resulted from the usage of bio soil conditioner products.
7. The Company advertises its products and activities through advertising media and local radio stations.
8. The Company conducts the products requirement surveys from contracted farmers in order to make production plan.
9. The Company has many research projects coordinated with the Institute of science and technology of Thailand for developing the production standards to create the customer confidence.

Bio Soil Conditioner:Distribution Channel

1. Sale to contracted cane farmers of the group.
2. Sale to general customers.
3. Sale to merchants, agricultural cooperatives, Agricultural Marketing Cooperative Limited (AMC)
4. Sale to neighboring countries such as Laos and Myanmar

Risk Factors

Risks associated with the Company's operations

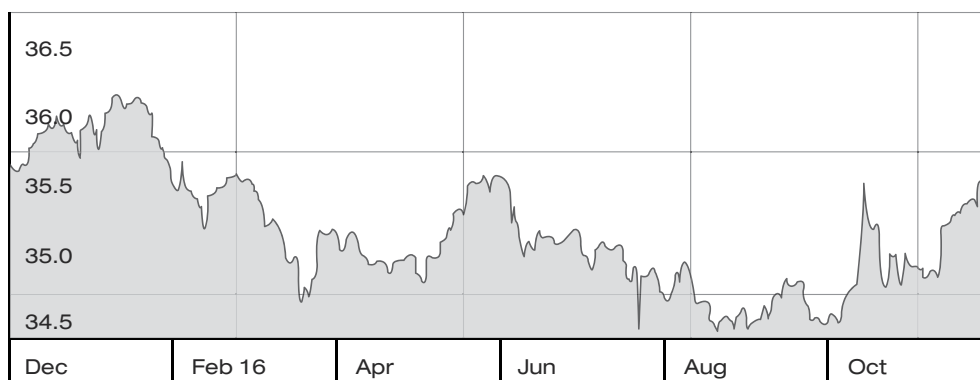
1. The risk of fluctuation in foreign exchange

The dramatic currency fluctuation has directly affected the group's business because more than 60% of its revenue is from exports of sugar products and the downstream businesses' eco-friendly products, and machinery import expenses are in USD currency.

USD to THB Chart

30 Nov 2015 05:00 UTC – 28 Nov 2016 05:48 UTC

USD/THB close:35.54377 low:34.54972 high:36.36097



ที่มา : www.xe.com

XE Currency Converter : USD to THB

The Company is aware of the foreign exchange risk and has established the Financial Risk Management Committee which is responsible for the governance of financial risk management framework and controls the financial plans to prevent the impact of the foreign exchange risk through various financial instruments such as Forward contract, Option contracts, and natural hedge. The Company keeps abreast of economic movements and analyzes factors that may affect the exchange rates in order to dynamically manage its foreign exchange risk amid the changes.

In Thailand's sugar and cane industry, the sugar cane price is primarily calculated on the selling price of Quota B sugar contracts and their forward exchange rates which are managed by Thailand Cane and Sugar Corporation. Thus, forward exchange rate in itself contributes to the sugar cane cost too. As a risk protection plan, the Company will do forward exchange rates in consistent with the exchange rate exercised by the Thailand Cane and Sugar Corporation.

It is important to note that such currency forwards can have either positive or negative aspect which will be recorded in the annual financial statements as the gain and loss on exchange rate. This is because of the different between fixed forward rate and the spot rates on the goods delivery dates under the Accounting Standard Basis. The Company is aware of the risk protection policy without speculation.

Risks associated with Sugar Production and Distribution Business

1. World Sugar Price

Sugar is a product with high price volatility, the price of sugar on the world market depends on many factors;

Fundamental factors such as weather conditions, production, consumption, supply-demand by which the fluctuation of world sugar prices depends on supply and demand of the producing countries and the consumer countries.

Technical factors, fund speculation in futures commodity markets, economic factors, and fuel prices which correlate with the prices of ethanol produced from sugar cane juice and molasses also influence the price fluctuation in the global sugar market.

The price volatility in the global market may adversely affect the Company's sales, particularly export sales, while the domestic sales are not directly impacted. As the cane prices rely on the sugar prices, so the low cane prices will demotivate cane farmers and cause them to reduce cane planting or cane caring, hence lower cane supply available for sugar production.

To reduce the risks associated with the high volatility of sugar prices in the global market, the Company has the Sugar Pricing Policy to control the pricing volume not more or less than 10% of Quota B pricing volume so that the group's pricing and Quota B pricing are not so different. The sugar price will determine the cane price which is the main cost of sugar production.

The Company also has a working team consisting of experts and officers from the international leading trading company, to monitor and manage the prices of exported sugar. The working team's analysts keep abreast of the sugar prices in global markets, i.e. the New York No 11 sugar futures market and the London refined sugar futures market, the world economy, fuel prices, production and consumption figures, demands, supplies and stocks on a daily basis.

2. International Trade Barriers

At present, sugar export sales account for more than 60% of the Company's total sales and the major market is Japan. Therefore, changes in trade barriers introduced by importing countries such as tax policies, sugar import quota, national rules, or trade membership agreements may adversely affect the Company's competitiveness, production and export sales. As risk mitigation measures, the Company keeps abreast of the news from various sources, concludes the future contracts in order to manage production planning, inventory and logistics management to ship products on time, and cooperate with Sumitomo Corporation which is our major strategic partner on analyzing and determining the best approaches to deal with or alleviate unfavorable impact in the way that will best benefit the Company.

3. Sugar Cane Supply Adequacy and Quality

The level of precipitation in Thailand had been rather low since the beginning of 2016. However, from June 2016 onwards, the situation improved as the cane plantations in the Company's promotion areas received heavy and regular rainfall with good coverage. The rainfall was favorable to the growth of canes of contracted cane farmers and filled the reservoirs. These reservoirs were financed by the Company's advance payment, or by the government's financial support programs, or by loans from the Bank for Agriculture and Agricultural Cooperatives or by loans from the Cane and Sugar Fund with the Company as the loan guarantor. Since the water from these reservoirs supplied water to cane fully, the cane volume increased which were good for the sugar production and molasses too. There are also various measures that the Company regularly takes steps to reduce the risk of cane supply whether to expand the number of contractual farmers and planting fields, establishes more service centers.

Plentiful and continuous water supply during the cane growth period contributed to the good sugar content of harvested canes. The Company initiated the project to remove the cane trashes and sand and soil from harvested canes, the cane harvester driving training program, and the cane harvester and loader maintenance training programs. Moreover, the Company also performed other measures to reduce the risks of cane quality consistently and effectively i.e. adopting Information Technology to specify the mature cane for harvesting, pre-harvest quality assessment, cane harvester development plan (CHDP), minimizing the time lag between cane cutting and crushing, and fresh cane harvesting promotion. These efforts significantly improved the cane quality.

4. The risk from change of government policies

The Ministry of Industry proposed a restructuring plan for the cane and sugar industry and the plan was approved by the Cabinet on Tuesday 11 October 2016. There were 5 main points as follows,

Amendment of the Cane and Sugar Act and other relevant laws and rules to cover the use of canes for the ethanol production and other products; This will increase the flexibility in the Company operations and enable the

Company to produce more value added products other than sugar. Meanwhile the demand of cane will increase and cause intense competition. The Company has prepared the action plans to manage cane quantity and quality upon this risk.

Cane and sugar productivity improvement: this will be beneficial to both cane farmers and the Company, particularly the goals to reduce burnt cane to be zero within 5 years and the promotion of modern agricultural techniques which are consistent to the direction of the Company's policy. Since the labor problem is an issue that discourages farmers to harvest green cane, so the Company and contracted farmers have substantially invested in cane harvester machines. Now the cane harvester machines have been developed consecutively to be more efficient, cheaper at many sizes. The Company intentionally continues to increase the cane harvesters and promotes cane farmers to do so as well as sharing knowledge with the Cane Association and cane farmers about the benefits of green cane harvesting. While the modern agricultural technology emphasizes on large-scale farming and mechanization for the economies of scale, the Company has supported the cooperation of cane farmers to join in large-scale farming and provides them with agricultural machines and advices.

Standard costs of cane and sugar and productivity standard; the goal was to set the standard in the production efficiency of the sugar factory but still has to be defined in many details before it is enforced. Meanwhile, the Company has the policy to improve the efficiency of all machines and equipment which may need some investment and develop better production process.

Stabilization of Cane and Sugar Fund: this will be an advantage to develop the cane and sugar industry as it is an organization that supports research and development. The Agency is also providing support to help farmers financially in a low interest rate loan for solving the drought situation and purchasing the cane harvester machines in order to solve the problem of burnt cane and labor shortage.

Establishment of Cane and Sugar Research and Development Institute: For this cause is particularly helpful because it increases the potential and complete opportunity as well as the innovative development to produce more value-added products, and also as integrating the research projects with other relevant agencies conveniently.

5. The risk of bad debt from Crop Financing

As part of the crop financing program, the Company has financial support to its contracted cane farmers in form of advance payments, fertilizers and insecticides. The Company has strong measures in providing loan to selective farmers based on their intention, sincerity, abilities and securities. However, there is still the debt collecting risk arising from low crop productivity due to unfavorable weather conditions or dishonesty of borrowers. To alleviate this problem, the Company has supplementary measures to control risk at satisfactory level by adopting the information technology to specify clearly the targeted cane farm and show the photos of cane planting for the Credit Committee's consideration. The cane farming inspection performed by the factory's audit teams and the head office's internal audit team to ensure that the cane farmers' actions are in compliance with agreed financing conditions. Additionally, there are protection plans to prevent the financed cane from delivery to other sugar plants. In estimating the cane yield which reflects the farmers' ability to repay their loans, the Company has adopted the cane forecasting technique from cane academics, collecting relevant data such as precipitation levels and calculating precisely the cane quantity for sugar production. The Farmers with doubtful debts will be managed to reduce risk before new harvesting season. These measures reduce the occurrence of bad debts in financing to cane farmers.

Risks associated with Power Plant and Bleached Bagasse Pulp Business

Shortage of Raw Material (Bagasse) for Power Plant and Pulp Production'

The business growth of the Company focuses on the production and distribution of electricity to the Electricity Generating Authority of Thailand (EGAT) and the Provincial Electricity Authority (PEA). In 2017, the Company will supply electricity to EGAT from its 3 power plants, namely KTBP, TEP and RPBP which have the output capacity of 60 MW, 50 MW and 50 MW respectively.

These 3 biomass power plants primarily use bagasse, a byproduct derived from the cane crushing process of sugar mills, as feedstock. The bagasse quantity depends on the crushing cane volume and the energy utilization of sugar factory. Meanwhile the Company also has a bagasse pulp factory which uses bagasse as a raw material, so the bagasse allocation for supplying to the power plants and bagasse pulp factory should be managed appropriately. Thus, the uncertainty of sugar cane volume each year is a key factor that may pose a risk the Company's operations.

The Company therefore conducts the action plans to prevent risks by promoting the expansion of sugarcane yield both horizontally and vertically. With the action plans to increase the cane productivity tons per acre and expand the plantation areas. In addition, the Company has conducted studies and researches on the cultivation of alternative energy crops such as energy cane, Napier grass and reeds, which will ultimately benefit the cane farmers, the sugar and power plant businesses, the local communities and our country as a whole. The Company is quite confident that these efforts will strengthen the stability and sustainable growth of its power plant business.

With regard to its pulp production business, the Company has extensively researched on substitutes for bagasse such as energy cane, water hyacinth and Napier grass. In 2017, the Company will begin trial production of pulp from jute after testing result showed that the jute pulp could be produced under the appropriate cost and quality were in accordance with the requirements of the market. In addition, the group produces eco-friendly containers, value added products from bagasse pulp. Machinery and work processes have been continuously improved to enhance the production yield and minimize loss.

As bagasse is an important material for the pulp production and power plant business, the Company has focused on the machinery efficiency enhancement and work process improvement since 2014 to reduce the steam energy and electricity consumption of the sugar plants. This medium-term plan has been implemented and will complete in 2017 and progressively increase its available bagasse supply.

Risks associated with Ethanol Business

Risk from the uncertainty of Government Policy

The use of ethanol as biofuel has been promoted clearly and the targets of ethanol-blended gasoline consumption have been defined in Alternative Energy Development Plan (AEDP). At present, the domestic consumption of ethanol is 3.5 million liters per day and, according to the AEDP will increase to 11.3 million liters in 2026.

However, occasional ethanol undersupply and oversupply are possible when there is an unbalance between the growth in ethanol demand and production capacity. The ethanol shortage may be caused by an unexpected surge in ethanol consumption and, in such circumstance; the prices of ethanol and molasses will certainly increase. Adequate supply of molasses from sugar mills of our Company will reduce the risk of raw material shortage. When some ethanol factories are unable to produce ethanol at their normal capacity because of raw material shortage, there may be special purchase orders for ethanol at higher than normal prices and this is a good opportunity for ethanol producers who are able to increase their production capacity to accommodate such buyers' needs.

In case of market oversupply, the negotiations with the Government agencies are necessary. The Thai Ethanol Producer Association will be the agency access to consultation with government agencies such as the Energy Policy and Planning Office (EPPO) and the Department of Energy Development and Efficiency (DEDE) to find the solutions which may increase the country's ethanol consumption corresponds to the production capacity through the retail gasoline price mechanism including the adjustment of the national oil fund levy to boost the sales of E20 and E85 which have high levels of ethanol blending.

However, if the domestic ethanol fuel consumption drastically declines, our Company is able to produce and export the premium-quality ethanol as we have good relationship with many international ethanol traders. The Company also has the experience in dealing with export procedures and using the facilities of storage tanks at export terminal.

These risk management measures will minimize or prevent the undesired impacts from the uncertainty of government policies.

Securities Details and Shareholding Structure

Securities of the Company

As at December 31, 2016, the Company had registered capital Baht 3,888,000,010 and paid-up capital Baht 3,860,000,010 Ordinary shares 3,888,000,010 shares, par value Baht 1 per share.

Shareholders

As at December 31, 2016, major shareholders of the company as following:

No.	Name	No. of Shares	% of Total Shares
1	Hathai Jaron Ek Holding Co.,Ltd ⁽²⁾	1,360,800,000	35.254
2	3S Holding Company Limited ⁽¹⁾	972,000,010	25.181
3	Bank Of Singapore Limited	243,638,600	6.312
4	Mr. Sirapak Siriviriyakul	190,698,000	4.940
5	Dbs Bank Ltd	128,000,000	3.316
6	Mr. Sirapat Siriviriyakul	120,892,900	3.132
7	Mr. Poomlerk Wangpreedalertkul	114,646,200	2.970
8	Group Of King Wan Corporation Limited	113,168,000	2.932
	King Wan Corporation	87,267,000	2.261
	King Wan Industries Pte. Ltd.	25,901,000	0.671
9	Mr.arnut Reungkul	50,470,300	1.308
10	Group Of Mrs. Nawarat Wangpreedalertkul	52,109,826	1.350
	Mrs. Nawarat Wangpreedalertkul	45,765,826	1.186
	Mr. Supoj Wangpreedalertkul	6,344,000	0.164
	Total	3,346,423,836	86.695

*Remark

(1.) The registered capital and paid up capital of 3S Holding Co.,Ltd consists of 9,724,670 shares at par value of THB.100.00 per share or THB 972,467,000

At December 31,2016, major shareholders of the company as following (exclude Treasury Stock)

No.	Name	No. of Shares	% of Total Shares
1	Hathai Jaron Ek Holding Co.,Ltd ⁽²⁾	6,807,261	69.8
2	Sumitomo Corporation	2,431,173	25.2
3	Nissin Sugar Co.,Ltd	486,234	5.0
4	Other	2	0.0
	Total	9,724,670	100.0

(2.) The registered capital and paid up capital of Hathai Jaron Ek Holding Co., Ltd consists of 909 shares at par value of THB. 25,000,000 per share or THB 22,725,000,000

At December 31, 2016, major shareholders of the company as following (exclude Treasury Stock)

No.	Name	No. of Shares	% of Total Shares
1	Ms.nathaya Siriviriyakul	133	14.6
2	Ms.siraarpa Siriviriyakul	93	10.2
3	Mr.prin Siriviriyakul	77	8.5
4	Mr. Sirapak Siriviriyakul	69	7.6
5	Mr.sirapat Siriviriyakul	69	7.6
6	Mr. Poomlerk Wangpreedalertkul	65	7.2
7	Mr. Poomrata Wangpreedalertkul	63	6.9
8	Mr.prasong Siriviriyakul	54	5.9
9	Ms.saisiri Siriviriyakul	53	5.8
10	Mr. Prach Siriviriyakul	50	5.5
11	Mr.pun Siriviriyakul	50	5.5
	Other	133	14.7
	Total	909	100.0

Agreement between the majority shareholders on the matter impacting the issuance and offer for sale of the securities or the management of Company on which the Company has countersigned.

-None-

Other Securities

Securities Name	KTIS-WA
	the Warrant to purchase the ordinary shares of Kaset Thai International Sugar Corporation Public Company Limited issued and offered to the executives and employees of the Company
Type	In named certificates and non-transferable
Term	5 years from the date of the offering
Number of Warrants	Not exceeding 28,000,000 units
Offering Price per Unit	Baht 0 (zero baht)
Number of allocated ordinary shares	Equivalent to the number of warrant issued and offered to accommodate the exercise rights (not exceeding 28,000,000 shares, at the par value of Baht 1 per share)
Exercise Ratio	1 unit of warrant per 1 ordinary share (except for future adjustment on exercise rights, whereas the employees' rights will not be reduced)
Exercise Price	Equivalent to initial offering price of Baht 10 per share
Secondary Market	The Company will list the ordinary shares from the exercise as the listed securities on the Stock Exchange of Thailand
Exercise Date	December 1, 2014
Expiration Date	November 30, 2019
Allocation method	Allocated directly to the executives and staffs of the Company who possess the qualifications as required in the Key Terms of the Issuance and Offer for Sale of the Warrants to the executives and staffs of the Company and/or subsidiaries.
Basis of the issuance of new shares to accommodate the change of exercise	Upon the adjustment of the exercise price according to the conditions for rights adjustment as stipulated in the Terms and Conditions of the Warrants which is the event mentioned in the Notification of SEC Office.

Other rights and benefits apart from the normal rights and benefits of ordinary shares –None–

Exercise date	The holder of warrant is entitled to exercise the warrants to purchase ordinary shares of the Company at every last business day upon the full term of 4 years and 6 months period from the date of warrant issuance. In this respect, the last exercise date shall be on the period of 5 business days before the term of warrant reaches 5 years from the date that the Company has issued and offered for sale of the warrant.
Exercise of warrants to purchase ordinary shares	Except for the case that the executives and staffs are unable to exercise the warrants as specified in Conditions for the exercise of warrants, the holder of warrant is entitled to exercise the warrants to purchase the newly issued ordinary shares of the Company upon the full term of 4 years and 6 months period from the date that the Company issued and offered for sale of the warrants under exercise date.
Term of notifying the intention to exercise the warrants	<p>The holder of warrant, who wishes to exercise the warrants to purchase ordinary shares of the Company, is required to notify the intention to exercise the rights to purchase ordinary shares under the warrants for each occasion during 9.00 a.m. to 3.00 p.m. within 5 business days prior to each exercise date. In case that the exercise date is on the holiday of the Company, such exercise date shall be postponed to be the last business day prior to the exercise date of such</p> <p>occasion (herein after referred to as “Term of notifying the intention to exercise the warrants”). Except for the case of declaring the intention for the last exercise of warrants, the intention must be declared during 15 business days before the last exercise date (hereinafter referred to as “Term of notifying the intention for the last exercise of warrants”).</p> <p>The Company shall notify the news and additional details (if any) regarding the term of notifying the intention to exercise the warrants, the term of notifying the intention for the last exercise of warrants, exercise ratio, exercise price, exercise term, details of bank account for the subscription of warrants and the contact address to exercise the warrants, by posting at the Company’s head office or delivering the letter to the units that the holder of warrant is engaged with or delivering in form of an electronic mail to the holder of warrant for at least 7 business days prior to the term of notifying the intention to exercise the warrants of each occasion.</p> <p>For the last exercise date, the Company shall deliver such details to the holder of warrant by delivering the letter to the units that the holder of warrant is engaged with or delivering in form of an electronic mail for at least 15 business days prior to the term of notifying the intention for the last exercise of warrants.</p>
Conditions for the exercise of warrants	<ul style="list-style-type: none">• The holder of warrant must possess a status in capacity of the executives and staffs on such exercise date except for the case as specified in next clause.• The exceptions are as follows:<ul style="list-style-type: none">(a) In case that the holder of warrant’s status in capacity of the executives and staffs are terminated due to the death, disappearance, severe injury or physical disability to the degree that is no longer functional, or other causes that the Management Department deems appropriate to allow such person, or the heirs, or the guardian, or the curator of such person to exercise the rights for purchasing the shares under the warrants in substitution of such executives and staffs throughout the term of such allocated warrants.(b) In case that the status in capacity of the executives and staffs are terminated due to the retirement, the rights to purchase the shares under the warrants can be exercised throughout the term of such allocated warrants.(c) In case that the status in capacity of the executives and staffs are terminated due to the termination or dismissal of employment without fault, or such status in capacity of the executives and staffs are terminated due to the change of control in the Company or subsidiaries, these cases shall be subject to the discretion of the Management Department whether to allow the exercise of warrants granted to the executives or staffs as it deems reasonable and appropriate on a case by case basis.

- Unless the Management Department determines otherwise, in case that the holder of warrant's status in capacity of the executives and staffs are terminated due to the resignation, or the discharge or the termination or dismissal of employment base on the fault, the holder of warrant shall no longer be able to exercise the allocated warrants. In addition, the holder of warrant must return the warrants, of the entire portion which is not yet exercised, currently held by him to the Company forthwith in order for the Management Department to allocate to the other executives and staffs of the Company or subsidiaries as it deems appropriate.
- Should the executives and staffs do not exercise the rights to purchase the ordinary shares under the warrants or exercise the rights not in full and such warrant is expired according to its term, it shall be deemed that the executives and staffs of the Company and/or subsidiaries waive their rights to exercise such remaining warrants. Such executives and staffs are not entitled to claim any damages from the Company.
- The Management Department has an absolute power to consider determining or amending the conditions for the exercise of warrants otherwise which may be different from the above-mentioned conditions.

Warrant registrar

Thailand Securities Depository Company Limited

Dividend Policy

It is the Company's policy to pay out dividend at a minimum of 50% of its net profit according to the Company's separate financial statements, after the deduction of all legal reserves and provisions pursuant to the Company's Articles of Association and applicable laws, unless prohibited by necessities or loan agreements. Such dividend payment, according to the Board's judgment, shall not have material effects on normal business operations of the Company and shall be for the best interest of the shareholders. Annual dividend payments shall be proposed through the Board to the shareholders' meeting for approval whereas the interim dividend payment shall be subject to the Board's approval and reported to a subsequent shareholders' meeting for acknowledgment. The Company may propose to

shareholders' to approve the non-payment of dividend in order to allocate the funds to investment projects as and where appropriate.

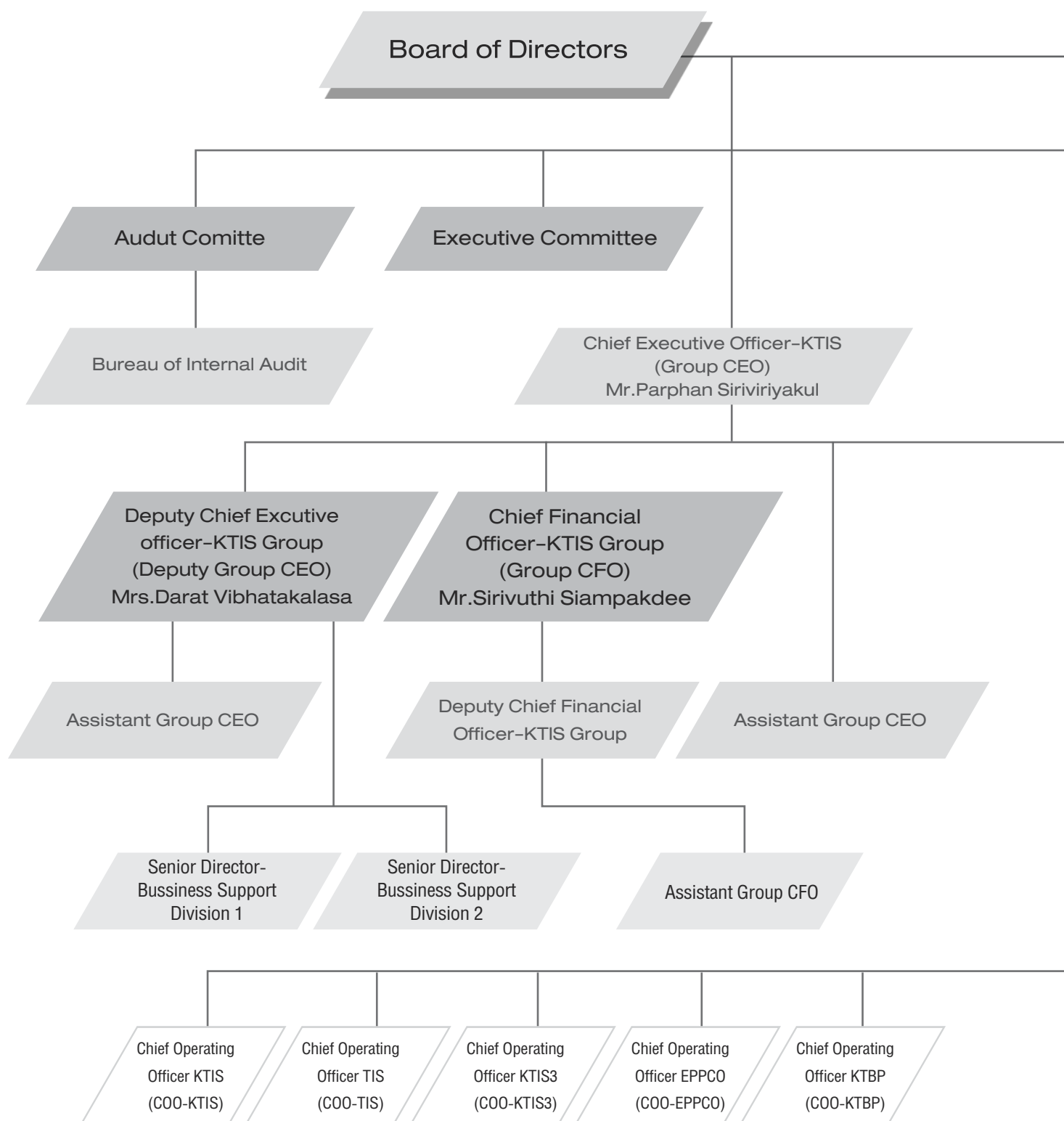
The Company's subsidiaries have the policy to pay dividend at a minimum of 50% of their net profit according to their financial statements, after the deduction of corporate income tax, statutory reserves and all other provisions. Considerations will also be given to their cash flow, financial status, liquidity position and investment plans at a particular period. Among companies in KTIS group, only Kaset Thai Bio Power Co., Ltd. is allowed by lending banks to pay dividend to shareholders, subject to prior permission from lenders, where it does not default on repayment and can maintain the debt service coverage ratio (DSCR) of 1.25x at the closing date of its annual financial statements.

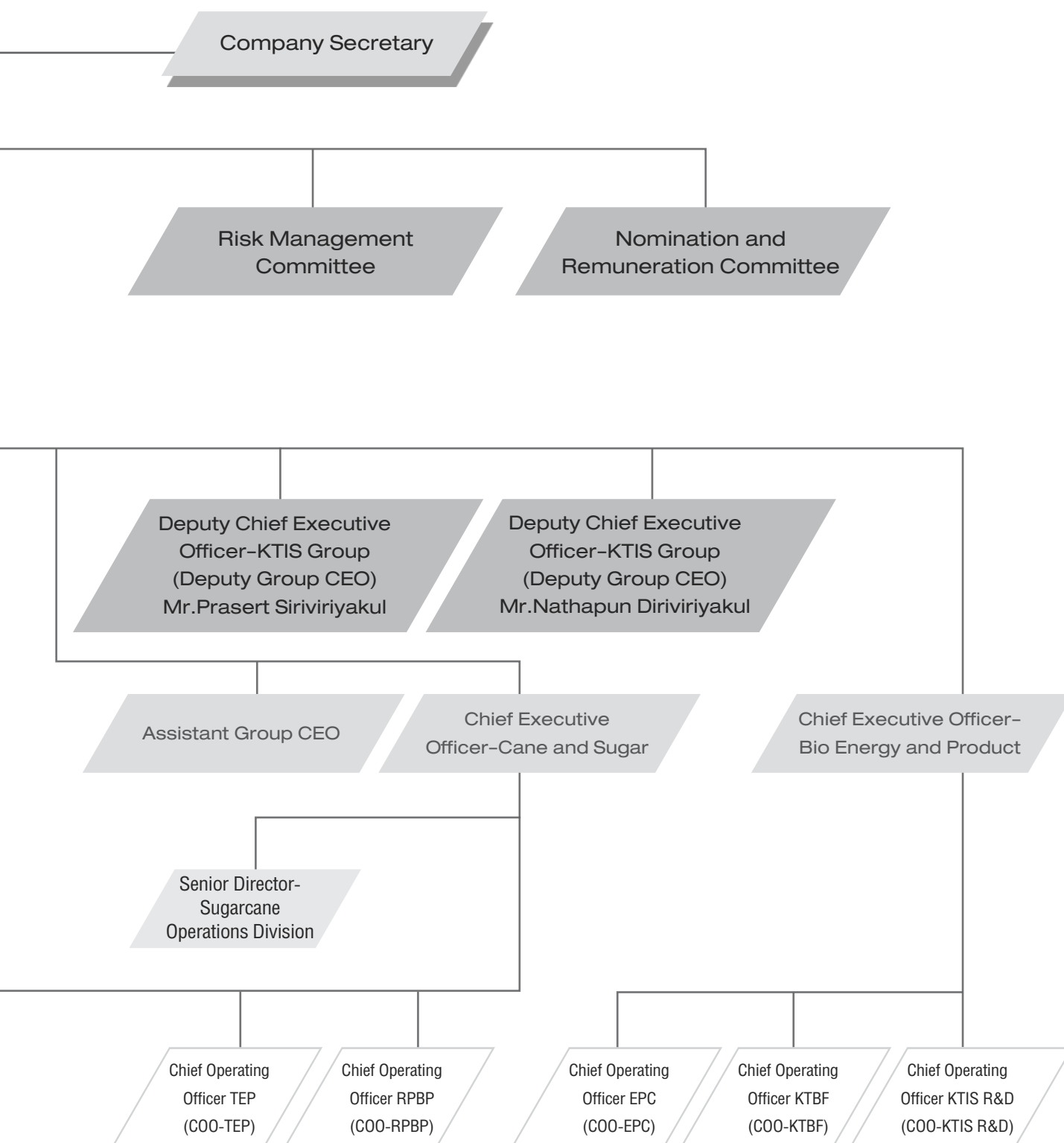
Details of dividends	2014	2015	2016 (Proposed)
1. Net Profit (Baht)	1,129,090,738	650,528,104	224,993,863
2. Number of shares			
2.1 Number of shares at interim dividend	3,860,000,000	–	–
2.2 Number of shares at the annual dividend	3,860,000,000	3,860,000,010	3,860,000,010
3. Total dividend per share (Baht : Share)			
3.1 Interim dividend (Baht : Share)	0.30	–	–
3.2 annual dividend (Baht : Share)	0.18	0.10	0.10
4. Total dividends paid (Baht)*	1,852,800,000	386,000,001	386,000,001
5. Dividend Payout Ratio	164.10%	59.34%	171.56%

*Remark 1. In 2014 the Company paid an interim dividend of Baht 0.30 per share, and paid a total of 1,158,000,000 Baht from the Retained Earnings. The Company has paid dividends from the operating results at a ratio of Baht 0.18 per share, and paid a total amount of 694,800,000 Baht.

2. In 2016 the Company paid dividend from (a) the results of business operations for the fiscal year 2016 in the amount of Baht 193,000,000.50 at the Rate of Baht 0.05 per share (calculated as 85.78 percent of the net profits from Separate Financial Statements for the fiscal year 2016), and (b) Retained Earnings in the amount of Baht 193,000,000.50 at the rate of Baht 0.05 per share.

Management Structure





Our Management Structure

We have five committees, namely, the board of directors (our “Board” and the members of the Board, “Directors”), the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Executive Committee.

Our Board

As at December 31, 2016, the structure of the board of directors consist of 15 members and 5 independent directors as follow:

Name		Position	Directors who are Authorized Signatories	Date to Appointment
1. Mr.Pricha	Attavipach	Chairman	Group 2	January 29, 2013
2. Mr.Sirivuthi	Siamphakdee	Vice-Chairman	Group 2	January 29, 2013
3. Mr.Parphan	Siriviriyakul	Director	Group 1	January 29, 2013
4. Mr.Nathapun	Siriviriyakul	Director	Group 1	January 29, 2013
5. Mrs.Darat	Vibhatakalasa	Director	Group 1	January 29, 2013
6. Mr.Prasert	Siriviriyakul	Director	Group 1	January 29, 2013
7. Mr.Sirapak	Siriviriyakul	Director	Group 1	May 14, 2015
8. Mr.Apichart	Noochprayoon	Director	Group 2	January 29, 2013
9. Mr.Shunsuke	Tsujiyama	Director	-	May 12, 2014
10. Ms.Chua	Eng Eng	Director	Group 2	January 29, 2013
11. Mr.Krairit	Nilkuha	Independent Director/Chairman of Audit Committee	-	February 26, 2014
12. Mr.Sathaporn	Kotheeranurak	Independent Director/Member of Audit Committee	-	January 29, 2013
13. Acting Sub Lt. T-rayooth Changpetch		Independent Director/Member of Audit Committee	-	January 29, 2013
14. Mr.Issakan	Krivithaya	Independent Director	-	January 29, 2013
15. Mr.Phoonsak	Boonsalee	Independent Director	-	January 29, 2013

Mr.Suchart Pipattanachaiyapong is the company secretary .

Independent Directors of KTIS :

The present Independent Directors is equivalent to one-third of total board members. The qualification of independent director as specified by the Company is in compliance with the regulation of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as committed to good governance as follows:

(1) holding shares not exceeding 1 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the

shares held by related persons of the independent director;

(2) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years prior to the date of appointment;

(3) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children,

executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;

(4) not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.

The term 'business relationship' in the aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences; neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years from the date of appointment;

(5) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and

(6) neither being nor having been a major shareholder, non-independent director, executive or

partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of appointment;

(7) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

(8) not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1 percent of the total number of voting rights of any other company operating a business which has the same nature as and is in significant competition with the business of the Company or subsidiary;

(9) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (1) to (9) of paragraph one, the independent director may be assigned by the board of directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

Directors who are Authorized Signatories :

Our authorized signatories can be divided into the two following groups:

Group 1

- | | |
|----------------|---------------|
| 1. Mr.Parphan | Siriviriyakul |
| 2. Mrs.Darat | Vibhatakalasa |
| 3. Mr.Prasert | Siriviriyakul |
| 4. Mr.Nathapun | Siriviriyakul |
| 5. Mr.Sirapak | Siriviriyakul |

Group 2

- | | |
|-----------------|--------------|
| 1. Ms.Chua | Eng Eng |
| 2. Mr.Sirivuthi | Siamphakdee |
| 3. Mr.Apichart | Noochprayoon |
| 4. Mr.Pricha | Attavipach |

Any two Directors from Group 1, or any one Director from group 1 together with any one Director from Group 2, may jointly sign on our behalf and stamped by the Company Stamp.

Term of Directorship :

One-third of all the current Directors shall resign at every annual general meeting of the shareholders.

If the total number of Directors is not a multiple of three, the number of Directors closest to one-third of the total number of Directors on the Board shall retire from office. The Directors retiring from office in the first two years following our listing on the SET shall be selected by way of drawing lots. In the subsequent years, the Directors who have held office for the longest time shall retire. A retiring Director is eligible for re-election.

Scope of power and duties and responsibility of our Board :

(1) The Board shall perform its duties with due diligence and honesty in accordance with the law our business objectives, our Articles of Association and resolutions of our Board meetings and shareholders' meetings;

(2) The Board shall consider and approve the vision, business strategies, business direction business policy, targets, guidelines, operational plan and annual budget as prepared by the Executive Committee and Management;

(3) The Board shall oversee the performance of the Executive Committee, the Chief Executive Officer, the Management or any other persons assigned to perform such duties, and ensure that they conform with policies that have been set out by the Board;

(4) The Board shall continuously monitor our performance and operations and ensure that they are in line with our action plan and budget;

(5) The Board shall ensure that we adopt appropriate and efficient accounting systems, and have implemented internal control and audit systems;

(6) The Board shall prepare balance sheets and profit and loss statements on the last day of our financial period, and shall execute such financial statements prior to submitting them at the annual general meeting of shareholders for further approval;

(7) Prior to presenting the proposal to the annual general meeting of shareholders for approval, the Board is to consider the selection and nomination of auditors and to determine their remuneration as proposed by the Audit Committee;

(8) The Board shall implement a written corporate governance policy to ensure that the interests of each group of stakeholders is equally protected;

(9) In appointing Directors, the Board shall appoint persons who have the requisite qualifications and who are not prohibited characters as prescribed by the Public Limited Company Act B.E. 2535 (1992) (as amended), the Securities Act, and any relevant notifications, rules and/or regulations. The Board shall also determine the remuneration of the Directors as proposed by the Nomination and Remuneration Committee before further submitting the proposal to a shareholders' meeting for approval;

(10) The Board shall be responsible for the appointment of our sub-committee members, and shall prescribe the power and responsibilities of such sub-committees;

(11) The Board shall ensure that our authorized signatories are changed from time to time

(12) The Board shall appoint Executives in accordance with the definitions prescribed by the SEC or the Capital Market Supervisory Board. The Board shall also appoint the Company Secretary and determine the remuneration of our Executives;

(13) If necessary, the Board shall seek professional advice from third-party organizations to facilitate its decision-making; and

(14) The Board shall encourage our Directors and Executives to participate in seminars conducted by the Thai Institute of Directors.

However, the Board or its grantee shall not approve transactions in which the Board or its grantee or any person who may have any conflicts of interest (as defined in the notification of the SEC or the Capital Market Supervisory Board) or who may benefit in any manner which may give rise to a conflict of interest with the Company unless such transaction is consistent with our internal policies and criteria approved by our shareholders or the Board.

Number of Meeting Attended :

The table below shows the attendance of Directors at Board meetings in 2016.

Name		2016
1. Mr.Pricha	Attavipach	5/5
2. Mr.Sirivuthi	Siamphakdee	5/5
3. Mr.Parphan	Siriviriyakul	4/5
4. Mr.Nathapun	Siriviriyakul	4/5
5. Mrs.Darat	Vibhatakalasa	3/5
6. Mr.Sathaporn	Kotheeranurak	5/5
7. Mr.Prasert	Siriviriyakul	5/5
8. Mr.Krairit	Nilkuha	5/5
9. Acting Sub Lt.	T-rayooth Changpetch	5/5
10. Mr.Issakan	Krivitthaya	5/5
11. Mr.Phoonsak	Boonsalee	5/5
12. Mr.Apichart	Noochprayoon	4/5
13. Mr.Shunsuke	Tsujiyama	5/5
14. Ms.Chua	Eng Eng	4/5
15. Mr.Sirapak	Siriviriyakul	5/5

Category of Directors :

The table below shows the category of Directors in 2016.

Name		Non-Executive Director	Independent Director	Executive Director
1. Mr.Pricha	Attavipach			√
2. Mr.Sirivuthi	Siamphakdee			√
3. Mr.Parphan	Siriviriyakul			√
4. Mr.Nathapun	Siriviriyakul			√
5. Mrs.Darat	Vibhatakalasa			√
6. Mr.Sathaporn	Kotheeranurak	√	√	
7. Mr.Prasert	Siriviriyakul			√
8. Mr.Krairit	Nilkuha	√	√	
9. Acting Sub Lt.	T-rayooth Changpetch	√	√	
10. Mr.Issakan	Krivitthaya	√	√	
11. Mr.Phoonsak	Boonsalee	√	√	
12. Mr.Apichart	Noochprayoon			√
13. Mr.Shunsuke	Tsujiyama			√

Name	Non-Executive Director	Independent Director	Executive Director
14. Ms.Chua Eng Eng			√
15. Mr.Sirapak Siriviriyakul			√

Evaluation of Board of Directors :

To comply with the corporate governance principle, the Board has undertaken the performance evaluation of the Board and individual director at least annually by using the evaluation form developed by the Stock Exchange of Thailand (SET). Based on the 2015 evaluation, the overall rating under each category is as follows:

Evaluation Category	Performance of Individual Directors	Board Performance
1. Board structure and qualifications of directors	4.30	4.64
2. Board meeting	4.63	4.59
3. Roles, duties and responsibilities of Board	4.67	4.73
4. Performance of duties of directors	-	4.65
5. Relationship with the management	-	4.64
6. Self-development of directors and executive development	-	4.66
Average	4.59	4.64

Remark 1. Total score = 5
2. Performance evaluation of Individual Directors have only 3 category.

Onboarding Program for New Directors :

The Company has arranged an onboarding program for new directors which covers the Company's business overview and the following topics:

- (1) Relevant regulatory framework (legal requirements, the Cabinet's resolution, rules and regulations)
- (2) Operations and activities
- (3) Major projects
- (4) Organizational development and business development
- (5) Corporate governance
- (6) Corporate social responsibility

As part of the onboarding program, new directors visit the Company's plants and operating sites, and are provided with information about the Company's Board

of Directors and executives in support of their duty of governance in the following dimensions:

- (1) Vision, mission, values and purposes of the Company
- (2) Organizational development and business development
- (3) Profiles of directors and executives
- (4) Qualifications and remunerations of directors
- (5) Roles, duties and responsibilities of directors
- (6) Management structure
- (7) Company's profile
- (8) Corporate governance policy

Training Programs for Board of Directors :

The Company has encouraged its directors to attend training courses and programs which are related to corporate governance principles, regulatory compliance, and governance roles and responsibilities of directors. The training courses and programs attended by the Company's directors are as shown below:

Name		Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Finance for Non-Finance Director (FND)	Monitoring Fraud Risk Management (MFM)	Understanding the Fundamental of Financial Statements (UFS)
Mr.Pricha	Attavipach	DCP 39/2004		ACP 11/2006	FND 8/2004		
Mr.Sirivuthi	Siamphakdee		DAP 54/2006				
Mr.Parphan	Siriviriyakul		DAP 96/2012				
Mr.Nathapun	Siriviriyakul		DAP 55/2006				
Mrs.Darat	Vibhatakalasa		DAP 96/2012				
Mr.Prasert	Siriviriyakul		DAP 96/2012				
Mr.Apichart	Noochprayoon		DAP 96/2012				
Mr.Sathaporn	Kotheeranurak		DAP 35/2009	ACP 13/2013			
Acting Sub Lt. T-rayooth Changpetch			DAP 97/2012	ACP 41/2012		MFM 8/2012	
Mr.Issakan	Krivithaya		DAP 97/2012	ACP 41/2012		MFM 8/2012	
Mr.Phoonsak	Boonsalee		DAP 97/2012				
Mr.Krairit	Nilkuha		DAP 53/2006	ACP 24/2008			UFS 6/2006
Mr.Shunsuke	Tsujiyama		DAP108/2014				

Our Committees

The Board of Directors appointed 4 sub-committees to control the Company's businesses as follows:

(1) Our Audit Committee

As at December 31, 2016, our Audit Committee consists of the following members:

Name		Position
1. Mr.Krairit	Nilkuha	Chairman/Independent Director
2. Mr.Sathaporn	Kotheeranurak	Member/Independent Director
3. Acting Sub Lt.T-rayooth	Changpetch	Member/Independent Director

Mrs.Natthira Paisayom is the secretary of the Audit Committee.

Remark: Audit Committee no. 1-2 have sufficient knowledge and experience to verify the reliability of financial statement. The detail of experiences in verifying financial statement is according to the detail of each director (Attachment 1)

Membership Term :

The term of Directorship of the chairman and members of the Audit Committee is three years from the date of their appointment. Any retiring member of the Audit Committee may be re-elected. Where a Director's office in the Audit Committee is vacated by reason other than retirement, the Board shall elect a sufficiently qualified candidate to ensure that the requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time as the vacating Director was entitled to remain in office.

Scope of power and duties and responsibility of the Audit Committee:

(1) The Audit Committee shall ensure that our financial statements are complete and accurate;

(2) The Audit Committee shall ensure that we have implemented appropriate and efficient internal controls and audit systems, and that the Internal Audit Bureau is independent. It shall also be responsible for the approval of the appointment, transfer or termination of the Chief of the Internal Audit Bureau, or any other unit responsible for internal audit;

(3) The Audit Committee shall ensure that we comply with securities and exchange laws, regulations of the SET and laws relating to our business operations;

(4) The Audit Committee shall recruit and nominate an independent third-party as our auditor, determine the auditor's fees and hold at least one meeting per year with the auditor, without the participation of the management;

(5) The Audit Committee shall ensure that our connected transactions, or transactions that may result in conflicts of interest, are conducted in compliance with the law and rules of the SET, and shall ensure that such transactions are reasonable and in our best interests;

(6) The Audit Committee shall prepare an Audit Committee's report which will be disclosed in our annual report. The report must be signed by the chairman of the Audit Committee and shall contain the following details:

» an opinion on the accuracy, completeness and reliability of our financial statements;

» an opinion on the sufficiency of our audit control system;

» an opinion on compliance with securities and exchange laws, regulations of the SET and the laws relating to our business;

» an opinion on the suitability of the auditor;

» an opinion on transactions which may result in conflicts of interest;

» number of meetings held by the Audit Committee and the attendance record of each member of the Audit Committee;

» comments or overall remarks obtained by the Audit Committee in relation to its performance under the Audit Committee Charter; and

» other matters of which our shareholders and general investors should be informed;

(7) if the Audit Committee, in the course of their duties, finds or is suspicious of one of the following transactions or actions which has significantly affected our financial standing and operating results, the Audit Committee shall report such transaction or action to the Board such that the relevant rectifications can be made:

» a transaction resulting in a conflict of interest;

» fraud or any major irregularity or defect in our internal control system; or

» a violation of securities and exchange laws, regulations of the SET and the laws relating to our business.

If the Board or Management fails to rectify the problem within the time specified, any member of the Audit Committee may make a report to the SEC or the SET; and

(8) The Audit Committee shall perform any other activities as designated by the Board with the Audit Committee's approval.

Number of Meeting Attended :

The table below shows the attendance of the Audit Committee in 2016.

Name		2016
1. Mr.Krairit	Nilkuha	5/5
2. Mr.Sathaporn	Kotheeranurak	5/5
3. Acting Sub Lt.T-rayooth	Changpetch	5/5

(2) Our Nomination and Remuneration Committee

As at December 31, 2016, our Nomination and Remuneration Committee consists of the following members:

Name		Position
1. Mr.Issakan	Krivitthaya	Chairman
2. Mrs.Darat	Vibhatakalasa	Member
3. Mr.Phoonsak	Boonsalee	Member

Mr.Suchart Pipattanachaiyapong is the secretary of Nomination and Remuneration Committee.

Membership Term :

The term of membership of the chairman and members of the Nomination and Remuneration Committee is three years from the date of their appointment. Any retiring member of the Nomination and Remuneration Committee may be re-elected. In the event that a Director's office is vacated due to reasons other than retirement, the Board shall elect a sufficiently qualified candidate such that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

and shall set up transparent nomination criteria and procedures for such persons. The nominations shall be presented at a Board meeting and/or a shareholders' meeting for approval;

(3) The Nomination and Remuneration Committee shall implement procedures and rules to ensure that fair and reasonable remuneration, both in cash and in kind, will be granted to our Directors and the Chief Executive Officer. The Nomination and Remuneration Committee shall propose such remuneration at a Board meeting and/or a shareholders' meeting for approval;

(4) The Nomination and Remuneration Committee shall report to the Board on its performance and shall prepare a Nomination and Remuneration Committee's report which will be disclosed in our annual report. The report must be signed by the chairman of the Nomination and Remuneration Committee;

(5) The Nomination and Remuneration Committee shall conduct performance evaluations and prepare an evaluation report for the Board; and

(6) The Nomination and Remuneration Committee shall perform any other activities as designated by the Board.

Scope of power and duties of the Nomination and Remuneration Committee :

(1) The Nomination and Remuneration Committee shall review our business organization and the qualifications of our Directors and Chief Executive Officer in accordance with our business requirements;

(2) The Nomination and Remuneration Committee shall nominate only persons whose qualifications are appropriate for holding office as Directors and our Chief Executive Officer,

Number of Meeting Attended :

The table below shows the attendance of the Nomination and Remuneration Committee in 2016.

Name		2016
1. Mr.Issakan	Krivithaya	1/1
2. Mrs.Darat	Vibhatakalasa	1/1
3. Mr.Phoonsak	Boonsalee	1/1

(3) Our Risk Management Committee

As at December 31, 2016, our Risk Management Committee consists of the following members:

Name		Position
1. Acting Sub Lt.T-rayooth	Changpetch	Chairman
2. Mr.Parphan	Siriviriyakul	Member
3. Mr.Sirivuthi	Siamphakdee	Member
4. Mr.Prasert	Siriviriyakul	Member
5. Mr.Nathapun	Siriviriyakul	Member
6. Mr.Issakan	Krivithaya	Member

Mrs.Jariya Srisakda is the secretary of the Risk Management Committee.

Membership Term :

The term of membership of the chairman and members of the Risk Management Committee is three years from the date of their appointment. Any retiring member of the Risk Management Committee may be re-elected. In the event that a Director's office is vacated due to reasons other than retirement, the Board shall elect a sufficiently qualified candidate such that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

Scope of power and duties of the Risk Management Committee :

(1) Before making management policy proposals to the Board for approval, the Risk Management Committee shall consider our risk management policies in light of changes in our business and circumstances;

(2) The Risk Management Committee shall determine business strategies in accordance with our riskmanagement policies;

(3) The Risk Management Committee shall approve risk management indicators;

(4) The Risk Management Committee shall monitor management's compliance with our risk management policies and control the efficiency of risk management;

(5) The Risk Management Committee shall monitor the sufficiency of resources such as staff and systems for risk management;

(6) The Risk Management Committee shall implement risk management procedures and rules for evaluating significant transactions before such transactions are presented to the Board and relevant committees for approval;

(7) The Risk Management Committee shall monitor and report our risk status to the Board and the Audit Committee;

(8) The Risk Management Committee shall integrate corporate governance, risk management and legal compliance in order to achieve integrity-driven operations;

(9) The Risk Management Committee shall set up a working team as may be appropriate; And

(10) The Risk Management Committee shall perform any other activities as designated by the Board.

Number of Meeting Attended :

The table below shows the attendance of the Risk Management Committee in 2016.

Name	2016
1. Acting Sub Lt. T-rayooth Changpetch	4/4
2. Mr.Parphan Siriviriyakul	3/4
3. Mr.Sirivuthi Siamphakdee	4/4
4. Mr.Prasert Siriviriyakul	4/4
5. Mr.Nathapun Siriviriyakul	2/4
6. Mr.Issakan Krivittaya	4/4

(4) Our Executive Committee

As at December 31, 2016, our Executive Committee consists of the following members:

Name	Position
1. Mr.Sirivuthi Siamphakdee	Chairman
2. Mr.Parphan Siriviriyakul	Member
3. Mrs.Darat Vibhatakalasa	Member
4. Mr.Prasert Siriviriyakul	Member
5. Mr.Nathapun Siriviriyakul	Member

Mr.Suchart Pipattanachaiyapong is the secretary of the Executive Committee.

Membership Term :

The term of membership of the chairman and members of the Executive Committee is three years from the date of their appointment. Any retiring member of the Executive Committee may be re-elected. In the event that there is a vacancy in a Director's office for reasons other than retirement, the Board shall elect a sufficiently qualified candidate as a member to ensure that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

Scope of power and duties of the Executive Committee :

(1) The Executive Committee is responsible for managing our business in accordance with the objectives of our business operations, provided that management of our business shall be subject to policies, rules or orders prescribed by the Board. In addition, the Executive Committee is responsible

for reviewing matters to be proposed to the Board for further approval;

(2) The Executive Committee shall prepare our vision, business strategies and direction, business policies, targets, guidelines, operational plans and our annual budget, and shall present the same to the Board for approval;

(3) The Executive Committee shall set up business policies and management authorization, shall approve our annual budget and comply with the business plan and strategy according to the policies and business model presented to the Board;

(4) The Executive Committee shall efficiently oversee and monitor our operations in accordance with our management policies and guidelines as approved by the Board;

(5) The Executive Committee shall approve matters or actions to be taken in the ordinary course of our business, so long as it is within the Board's approved budget, does not involve the incurring of

liabilities or encumbrances exceeding Baht 1,000 million, and does not have a term of over five years (liabilities or encumbrances include project finance facilities granted to us);

(6) The Executive Committee shall have the power and authority to approve borrowing or lending transaction, including credit transactions with banks and companies in KTIS group, or obligations as a guarantor of affiliates, or payments and expenses required for the Company's operations in normal course of business.

(7) The Executive Committee shall have the power and authority to appoint the Company's employees at the level below Group CEO

(8) The Executive Committee shall make the following reports on our results of operations:

» a quarterly report of our performance shall be submitted within the timeframe prescribed by the SET;

» an auditor's report in respect of our financial statements, including our annual and quarterly financial statements, shall be submitted within the timeframe prescribed by the SET; and

» other reports deemed appropriate by the Executive Committee;

(9) The Executive Committee shall perform any other activities as designated by the Board;

Nevertheless, the Executive Committee shall not have the power to approve any transactions in which members of the Executive Committee or any other person may have a conflict of interest (as defined in the notification of the SEC) with the Company. In such event, the Executive Committee must present the transaction to the Board and/or the shareholders for approval in accordance with the relevant articles, notifications and laws.

Number of Meeting Attended :

The table below shows the attendance of the Executive Committee in 2016.

Name		2016
1. Mr.Sirivuthi	Siamphakdee	12/12
2. Mr.Parphan	Siriviriyakul	12/12
3. Mrs.Darat	Vibhatakalasa	9/12
4. Mr.Prasert	Siriviriyakul	11/12
5. Mr.Nathapun	Siriviriyakul	9/12

Evaluation of Our Committee :

To comply with the corporate governance principle, the Board has undertaken the performance evaluation of the Audit Committee at least annually by using the evaluation form developed by the Stock Exchange of Thailand (SET). Based on the 2016 evaluation, the overall rating under each category is as follows:

Evaluation Category	Performance of Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee
1. Board structure and qualifications of directors	4.67	5.00	4.67	4.29
2. Board meeting	4.94	4.94	4.64	4.17
3. Roles, duties and responsibilities of Board	4.95	5.00	4.67	4.23
Average	4.85	4.98	4.66	4.23

Remark Total score = 5

Our Executives

As at December 31, 2016, our Executives, as defined in the Notification of the Securities and Exchange Commission No. KorChor. 17/2551 Re: Definition under Notifications relating to Issuance and Offering of Securities, consists of the following members:

Remarks An executive means a Director, a manager or the next four executives succeeding the manager, a person holding an equivalent position to the fourth executive, including a person holding the position of manager or the equivalent in the accounting or finance departments.

Name		Position
1. Mr.Parphan	Siriviriyakul	Chief Executive Officer–KTIS Group
2. Mr.Sirivuthi	Siamphakdee	Chief Financial Officer–KTIS Group
3. Mrs.Darat	Vibhatakalasa	Deputy Chief Executive Officer–KTIS Group
4. Mr.Prasert	Siriviriyakul	Deputy Chief Executive Officer–KTIS Group
5. Mr.Nathapun	Siriviriyakul	Deputy Chief Executive Officer–KTIS Group
6. Mrs.Nomchit	Akaramekin	Director–Accounting Department

Scope of power and duties of the Chief Executive Officer–KTIS Group :

(1) The Chief Executive Officer–KTIS Group shall be responsible, overall, for our operations in accordance with our business objectives and the rules prescribed by the Board;

(2) The Chief Executive Officer–KTIS Group shall implement and comply with the business strategies and directions approved by the Board;

(3) The Chief Executive Officer–KTIS Group shall perform any activity designated by the Board and shall comply with policies prescribed by the Board;

(4) The Chief Executive Officer–KTIS Group shall introduce regulations, notifications and memorandums in accordance with our policies;

(5) The Chief Executive Officer–KTIS Group shall approve transactions taken in the ordinary course of our business, including transactions which do not bind any of our assets, and transactions which the Board has authorized the Chief Executive Officer–KTIS Group to approve;

(6) The Chief Executive Officer–KTIS Group shall monitor management and officers to ensure that they are in compliance with our internal policies and business directions prescribed by the Board;

(7) The Chief Executive Officer–KTIS Group shall review transactions affecting our rights and assets before referring proposals of such transactions to the Executive Committee or the Board for approval;

(8) The Chief Executive Officer–KTIS Group shall monitor all expenses relating to the our ordinary business operations and ensure that they are in accordance with the Board's approved budget;

(9) The Chief Executive Officer–KTIS Group shall approve all investments in instruments and securities as approved by the Board;

(10) The Chief Executive Officer–KTIS Group shall approve investments in business expansion and co-investment with other operators and submit proposals of such matters to the Board for approval;

(11) The Chief Executive Officer–KTIS Group shall approve investment funds as prescribed in our annual budget or as approved by the Board;

(12) The Chief Executive Officer–KTIS Group shall monitor our employees and ensure that they are in compliance with our internal policies and regulations, including our corporate governance regulations;

(13) The Chief Executive Officer–KTIS Group shall take measures to enhance our employees' performance in order to improve our business performance;

(14) The Chief Executive Officer–KTIS Group shall appoint relevant advisors necessary for our business operations;

(15) Pursuant to the policies prescribed by the Board, the Chief Executive Officer – KTIS Group shall approve related party transactions conducted on an arm's length basis. Such transactions may involve trading at market prices, servicing with ordinary fees and the provision of credit on similar terms;

(16) The Chief Executive Officer – KTIS Group shall approve the appointment, transfer and termination of employees, and may also delegate any of his duties to such other persons as he deems fit; and

(17) The Chief Executive Officer – KTIS Group shall perform other activities as designated by the Board;

The Chief Executive Officer – KTIS Group shall not approve the following transactions:

» a related party transaction that is not in the ordinary course of our business;

» an acquisition or disposal of our material assets; and a transaction in which the Chief Executive Officer– KTIS Group, or any other person may have a conflict of interests with KTIS Group, except where the transaction is in the ordinary course of our business, is prescribed by our Board and shareholder approved policies and provisions, and is in compliance with the relevant SEC regulations.

Evaluation of Chief Executive Officer – KTIS Group :

To comply with the corporate governance principle, the Board has undertaken the performance evaluation of the Chief Executive Officer– KTIS Group at least annually by using the evaluation form developed by the Stock Exchange of Thailand (SET). Based on the 2015 evaluation, the overall rating under each category is as follows:

Evaluation Category	CEO Group
1. Leadership	4.77
2. Strategy formulation	4.73
3. Strategy execution	4.76
4. Financial planning and performance	4.80
5. Relationship with Board of Directors	4.80
6. Relationship with external parties	4.76
7. Administration and employee relations	3.97
8. Product and service knowledge	4.80
Average	4.77

Remark Total score = 5

Our Company Secretary

Our Board, at the Board of Directors Meeting No. 5/2013 held on May 14, 2013, approved the appointment of Mr.Suchart Pipattanachaiyapong as our Company Secretary in compliance with the requirements of the Public Limited Company Act B.E. 2535 (1992) (as amended), the Securities Act.

Mr.Suchart Pipattanachaiyapong
Company Secretary
55 years old

» Education

» MBA, Ramkhamhaeng University

» Bachelor of Business Administration
Assumption University

» Seminar on Role and Responsibility

» CSP 53/2013

» BRP 12/2013

» EMT 30/2014

» CRP 8/2014

» Experiences during the past 5 years.

» 2013 – Present Company Secretary
Kaset Thai International Sugar
Corporation Pcl.

- » Present Director
Kaset Thai Bio Power Co., Ltd.
- » Present Director
Kaset Thai Bio Fertilizer Co., Ltd.
- » 1996 – 2013 Factory Manager
Kaset Thai Sugar Industry Co., Ltd.
- » 2005 – 2013 Factory Manager
Ekarat Pattana Co., Ltd.
- » 1994 – 1996 Factory Manager
Ruampol Enterprise Co., Ltd.
- » 1989 – 1994 Deputy to Factory
Manager Kaset Thai Sugar Industry
Co., Ltd.

Qualification of Company Secretary:

(1) Having basic knowledge of business, accounting, being proficient and understanding the Company's businesses;

(2) Understanding roles and duties of Company Secretary;

(3) Having knowledge of and understand laws, regulations of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, including good corporate governance;

(4) Being independent and straight-forward in performing duties, not expecting for personal benefit from the Company's businesses, as well as committing to keep the Company's secret confidential;

(5) Having experiences in the board's secretary or other qualification which would support the Company Secretary's work to be more efficient.

Scope of power and duties of the Company Secretary :

(1) The Company Secretary shall prepare and maintain the following documents:

- » register of Directors;
- » notices of Board meetings, minutes of Board meetings and annual reports; and
- » notices of shareholders' meetings and minutes of shareholders' meetings;

(2) The Company Secretary shall maintain reports on conflicts of interest; and

(3) The Company Secretary shall perform any other task as required under the notifications of the Capital Market Supervisory Board.

Nomination of Directors and Executives

The Nomination and Remuneration Committee shall be responsible for recruiting, selecting and nominating persons with the appropriate qualifications to be presented to the Board and/or the shareholders for approval. Such persons shall have the qualifications prescribed under Section 68 of the Public Limited Company Act B.E. 2535 (1992) (as amended) and must not be of character prohibited under the notification of the SEC No. ThorChor. 24/2551 re: Prerequisites of Directors and Executives of Securities Issuer Companies (as amended). In appointing Directors and Executives, the candidate's knowledge, ability and work experience will also be taken into account.

The composition and appointment of the Board, Audit Committee, Corporate Governance Committee, Executive Committee, Nomination and Remuneration Committee and Risk Management Committee can be summarized as follows:

Composition and Appointment of the Board :

The Board shall consist of no less than five Directors. At least half of the Directors must be domiciled in Thailand. The Directors may or may not be shareholders.

In appointing Directors, the Nomination and Remuneration Committee shall be responsible for recruiting and selecting persons with the requisite knowledge, ability and experience related to our business. The appointment of new Directors shall be approved at a Board meeting and/or a shareholders' meeting. Pursuant to our Articles of Association, the election of Directors at a shareholders' meeting shall be in accordance with the following rules and procedures:

(1) each shareholder shall have one vote per share;

(2) each shareholder shall use all of his votes to elect one or several persons as a Director or Directors. However, he may not divide his votes among multiple candidates; and

(3) the persons who receive the most votes will be elected as Directors. The Chairman shall have a casting vote in the event that the election of two candidates who have equal votes will cause the number of Directors to be elected to exceed that prescribed in the meeting.

Any Director who desires to resign from office is required to submit a resignation letter. The resignation will be effective from the date the resignation letter is received.

Shareholders may, by passing a resolution by a majority consisting of three quarters or more of the total number of votes cast for and against such resolution at a shareholders' meeting, remove any Director from office prior to his retirement.

Composition and Appointment of the Audit Committee :

The Audit Committee shall consist of at least three independent directors. At least one independent director of the Audit Committee must have sufficient knowledge and experience in accounting or finance to perform audits of our financial statements. Under the relevant Capital Market Supervisory Board's notifications, the Audit Committee/independent director:

(1) including related persons of such independent director, shall not hold shares exceeding one per cent of the total number of shares in KTIS, our parent company, subsidiaries, associates, major shareholders or controlling persons;

(2) must not:

» have participated in management;

» have been an employee, staff or advisor receiving a regular salary from us; and

» have been a controlling person of KTIS, our parent company, subsidiaries, associates, subsidiary company in the same level, major shareholders or controlling persons; unless the foregoing has ended not less than two years prior to the date of filing of an application with the Office of the Securities and Exchange Commission ("Office of the SEC") or if such independent director was a government official or government advisor of a unit which is our major shareholder or controlling person;

(3) must not be the father, mother, spouse, sibling or child (including his or her spouse) of

a Director or an Executive (including prospective Executives), major shareholder or controlling person (including prospective controlling persons), whether such relationship is determined by blood relations or legal relations;

(4) must not:

» have or used to have a business relationship¹ with KTIS, our parent company, subsidiaries, associates, major shareholders or our controlling persons, in a manner which may interfere with his independent judgment;

» be or used to be an indirect significant shareholder or controlling person of any person having a business relationship with KTIS, our parent company, subsidiaries, associates, major shareholders or our controlling persons;

unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC.

(5) must not be or must not have been the auditor of KTIS, our parent company, subsidiaries, associates, major shareholders or our controlling persons, or a significant shareholder, controlling person or partner of an audit firm carrying out the audit of KTIS, our parent company, subsidiaries, associates, major shareholders or our controlling persons, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC;

(6) must not:

» be or have been a professional service provider, including legal or financial advisor receiving fees exceeding Baht 2 million per annum from KTIS, our parent company, subsidiaries, associates, major shareholders or our controlling persons;

» be or have been a significant shareholder, controlling person or partner of such professional service provider;

unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office of the SEC;

¹ Such business relationships include commercial transactions made in the ordinary course of business, renting or leasing of property, transactions in relation to assets or services, granting or receipt of financial support by receiving or giving loans, guarantees, providing assets as collateral and any other similar actions, which may result in us or a counterparty being subject to indebtedness amounting to an equivalent of 3% or more of our net tangible assets or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method of calculating the value of connected transactions specified in the notification of the Capital Market Supervisory Board governing rules on connected transactions. Such indebtedness shall include indebtedness incurred one year prior to the date in which the business relationship commences.

(7) must not be a director appointed to be a representative of Directors of KTIS, our major shareholder or shareholder who is a connected person of the major shareholder;

(8) must not undertake any business which is in competition with us;

(9) must not be

- » a significant partner in a partnership;
- » a Director participating in management;
- » an employee; or
- » an advisor;

receiving a regular salary from or holding shares in a proportion exceeding 1% of the total number of shares of another company which is in competition with us;

(10) must not have any other characteristics which may prevent him from expressing an independent opinion on our operations;

(11) must not being a Director assigned by the Board to make decisions on business operations of KTIS, our subsidiaries, associates, subsidiary company in the same level, major shareholders or our controlling persons; and

(12) must not being a director of listed subsidiaries.

Composition and Appointment of the Executive Committee :

The Board selects Members of the Executive Committee from our Directors or key Executives. The Executive Committee shall report directly to the Board.

Composition and Appointment of the Nomination and Remuneration Committee :

The members of the Nomination and Remuneration Committee are selected and appointed by the Board. At least one third of all the members of the Nomination and Remuneration Committee shall be independent directors.

The Nomination and Remuneration Committee shall report directly to the Board.

Composition and Appointment of the Risk Management Committee :

The members of the Risk Management Committee are selected and appointed by the Board. At least two members of the Risk Management Committee shall be independent directors. The chairman should be an independent director.

The Risk Management Committee reports directly to the Board.

Remuneration of the Board and Executives

(1) Remuneration of the Board

Directors' remuneration are categorized into monthly remuneration and meeting allowance per meeting. Our shareholders determined the remuneration of Directors at the AGM Meeting held on April 22, 2016 to be as follows:

Committee		Remuneration per month	Attendance Fee per meeting
Board of Director	Chairman of the Board of Directors	50,000	50,000
	Director	25,000	25,000
Audit Committee	Chairman	-	60,000
	Member	-	30,000
Risk Management Committee	Chairman	-	40,000
	Member	-	20,000
Nomination and Remuneration Committee	Chairman	-	40,000
	Member	-	20,000

Remark There are not any other benefit.

The below table shows the remuneration details of our Directors for the year 2015 and 2016.

Name of Director	Position 2016	2015						2016					
		Remuneration	BOD	Audit Committee	Nomination and Remuneration	Risk management	Total (baht)	Remuneration	BOD	Audit Committee	Nomination and Remuneration	Risk management	Total (baht)
1. Mr.Pricha Attavipach	Chairman	600,000	350,000	-	-	-	950,000	600,000	250,000	-	-	-	850,000
2. Mr.Sirivuthi Siampakdee	Vice-Chairman	300,000	150,000	-	-	80,000	530,000	300,000	125,000	-	-	80,000	505,000
3. Mr.Parphan Siriviriyakul	Director	300,000	175,000	-	-	80,000	555,000	300,000	100,000	-	-	60,000	460,000
4. Mr.Nathapun Siriviriyakul	Director	300,000	175,000	-	-	60,000	535,000	300,000	100,000	-	-	40,000	440,000
5. Mrs.Darat Vibhatakalasa	Director	300,000	125,000	-	40,000	-	465,000	300,000	75,000	-	20,000	-	395,000
6. Mr.Prasert Siriviriyakul	Director	300,000	175,000	-	-	40,000	515,000	300,000	125,000	-	-	80,000	505,000
7. Mr.Sirapak Siriviriyakul	Director	175,000	75,000	-	-	-	250,000	300,000	125,000	-	-	-	425,000
8. Mr.Apichart Noochprayoon	Director	300,000	150,000	-	-	-	450,000	300,000	100,000	-	-	-	400,000
9. Mr.Shunsuke Tsujiyama	Director	300,000	175,000	-	-	-	475,000	300,000	125,000	-	-	-	425,000
10. Ms.Chua Eng Eng	Director	300,000	125,000	-	-	-	425,000	300,000	100,000	-	-	-	400,000
11. Mr.Sathaporn Kotheeranurak	Independent Director	300,000	175,000	180,000	-	-	655,000	300,000	125,000	150,000	-	-	575,000
12. Acting Sub Lt. T-rayooth Changpetch	Independent Director	300,000	175,000	180,000	-	160,000	815,000	300,000	125,000	150,000	-	160,000	735,000
13. Mr.Issakan Krivithaya	Independent Director	300,000	175,000	-	80,000	80,000	635,000	300,000	125,000	-	40,000	80,000	545,000
14. Mr.Phoonsak Boonsalee	Independent Director	300,000	175,000	-	40,000	-	515,000	300,000	100,000	-	20,000	-	420,000
15. Mr.Krairt Nilkuha	Independent Director	300,000	175,000	360,000	-	-	835,000	300,000	125,000	300,000	-	-	725,000
Total		4,800,000	2,650,000	720,000	160,000	500,000	8,555,000	4,800,000	1,825,000	600,000	80,000	500,000	7,805,000

Remark

1. In 2014, Number of directors adjusted from 21 to 15. Mr.Montree Lekvichittada, Mrs. Voraya Siriviriyakul, Mr.Supoj Wangpreedalerktul, Mrs.Sauwanee Thairungroj, Mrs.Sirirak Siriviriyakul resigned from the Board as at February 26, 2014
2. Mr.Sompong Wanapha resigned from the Board as at February 26, 2014, Mr.Krairt Nilkuha was appointed in place of Mr.Sompong Wanapha.
3. Mr.Boonchai Noochprayoon resigned from the Board as at April 30, 2014, Mr.Shunsuke Tsujiyama was appointed in place of Mr.Boonchai Noochprayoon.
4. Ms.Siraarpa Siriviriyakul resigned from the Board as at May 14, 2015 Mr.Sirapak Siriviriyakul was appointed in place of Ms.Siraarpa Siriviriyakul

(2) Remuneration of the Executives

The table below represents the remuneration details of our Executives in 2014, 2015 and 2016.

Type of Remuneration	Number (persons)	2014 (Baht)	2015 (Baht)	2016 (Baht)
Salary	6	23,367,203.00	24,874,815.00	28,714,575.00
Bonus	6	9,574,974.00	2,218,334.00	222,573.00
Total	6	32,942,177.00	27,093,149.00	28,937,148.00

Remark 6 executives are (1) Chief Executive Officer – KTIS Group (Group CEO) (2) Chief Financial Officer – KTIS Group (3-5) Deputy Chief Executive Officer – KTIS (6) Director – Accounting Department

(3) Other Remuneration

» rovident fund amount

The following table displays the details of the provident fund amount in 2016

Type of Remuneration	Number (persons)	2016(Baht)
Provident fund	6	639,807.48
Total	6	639,807.48

Remark 6 executives are (1) Chief Executive Officer–KTIS Group (Group CEO) (2) Chief Financial Officer–KTIS Group (3-5) Deputy Chief Executive Officer–KTIS (6) Director–Accounting Department

» Project for proposing the warrants for the executives and staff to purchase ordinary shares (Employee Stock Options Project)

At the 2014 Annual General Meeting of Shareholders held on March 13, 2014, the Meeting resolved to allocate the newly issued ordinary shares of the Company in the amount of not more than 28,000,000 shares to accommodate the exercise of warrants and offer such ordinary shares for sale to the executives and staff of the Company and its subsidiaries, according to the rules and methods for the allocation (Details according to Issuance of other securities). In this regard, such warrants to purchase ordinary shares are subject to the exercise ratio of 1 unit having the right to purchase 1 ordinary share (except for the subsequent rights adjustment in which the staff's rights shall not be less favorable than the existing rights) and the exercise price to purchase the shares shall be equal to the price of the initial public offering (10.00 Baht per share).

The directors and executives of the Company are entitled to the proportion of allocation of the warrants as at December 31, 2016 as follows:

List of the Directors and Executives Entitled to the Allocation		Calculated as (%)
Mr.Parphan	Siriviriyakul	0.40%
Mr.Prasert	Siriviriyakul	0.30%
Mr.Nathapun	Siriviriyakul	0.30%
Mr.Sirivuthi	Siamphakdee	0.19%
Mrs.Darat	Vibhatakalasa	0.36%
Mr.Apichart	Noochprayoon	0.26%
Mr.Shunsuke	Tsujiyama	0.13%
Mrs.Nomchit	Akamekin	0.23%

Remark The calculation is made in % proportion to the number of shares being allocated, the exercise price and the number of all allocated ordinary shares of the warrants to purchase ordinary shares of the Company issued and offered for sale to the executives and staff of the Company (KTIS-WA) in the amount of not over 28,000,000 shares.

Personnel and Remuneration

The Company has a total of 3,400 employees and the remuneration expenses in 2016 amounted to Baht 1,128,001,445.26 which included expenses such as salary, overtime expenses, allowance, special bonus, special financial assistance, contribution to the Social Security Fund and contribution to the provident fund.

Company	2016				
	Service No. of Employee	Management No. of Employee	Head Office No. of Employee	Total	Total 2016 Personnel Expenses
Kaset Thai International Sugar Corporation Pcl.	1,232	46	58	1,910	708,294,034.50
Ekarat Pattana Co., Ltd.	118	3	17	142	38,782,743.30
Environment Pulp and Paper Co., Ltd.	458	4	14	480	142,350,976.92
Kaset Thai Bio Fertilizer Co., Ltd.	4	3	6	13	2,584,894.28
Kaset Thai Bio Power Co., Ltd.	-	-	4	4	1,175,921.15
Permsinpattana Co., Ltd.	-	-	-	-	-
Ruampol Bio Power Co., Ltd.	-	-	1	1	200,007
Sapsirikaset Co., Ltd.	-	-	-	-	-
Thaiekaluck Power Co.,Ltd	-	-	2	2	392,724.30
Thai Identity Sugar Factory Co., Ltd.	781	24	27	832	227,922,626.62
KTIS Bio Energy Co., Ltd.	-	1	-	1	2,846,619.28
KTIS R&D Co., Ltd.	-	2	13	15	3,450,897.91
Lopburi International Sugar Co., Ltd.	-	-	-	-	-
Lopburi Biopower Co., Ltd.	-	-	-	-	-
Lopburi Bioethanol Co., Ltd.	-	-	-	-	-
KTIS Biogas Power Co., Ltd.	-	-	-	-	-
Kaset Thai Wiwat Co., Ltd.	-	-	-	-	-
Total	3,125	108	167	3,400	1,128,001,445.26

Remark Only permanent employees of KTIS group.

None of the Company's employees is a union member. The Company believes that our employer- employee relationship is healthy and strong.

The Company has fully complied with applicable labor laws. In the past 3 accounting years, the Company never experienced any material labor dispute or strike. Presently, no pending or emerging labor dispute has come to Company's knowledge.

People Development Policy

To develop the organization as a sustainable one, the Company still maintains the policy for the development of personnel and improvement of

the management system, as well as developing the human resources to continuously and consistently maximize its potentiality and efficiency.

The target is for all personnel to attend training courses and also train the staff in order to develop their full potential so that they can utilize their own competency, knowledge and skills, as well as promote learning in order to secure better career path opportunities.

Moreover, it is encouraging for the staff to have knowledge and understanding regarding safety, occupational health and environment in the workplace by organizing training courses concerning safety and behavioral guidance in the factory during business operations.

The Company has emphasized to the executives and staff on all levels to participate in determining a working plan that corresponds to the organization's direction and targets. To implement the same, the meeting shall be held to cooperatively discuss and set the vision as well as the direction of the organization. In addition, the objectives and indicators shall be determined by the staff as the operational framework and evaluation standard of performance for each individual staff member.

The Company is attentive to the importance of the development of human resources and considering the "People" of the Company as the key resources leading the Company to prosperity

and progress, and having stable and sustainable development in place. In this regard, to ensure the development of the Company's personnel to be directable and sustainable, committees are appointed to prepare personnel development courses for 4 levels of staff, covering the staff in the office, factory and plantation department as well as the supporting units as follows :

1. Staff at the operational level;
2. Staff at the unit or shift sector level;
3. Staff at the division or zone level; and
4. Staff at the departmental or higher level.

The following table displays the training courses for the personnel of the Company in 2016.

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
Positive thinking, well-being Increase the quality of work (factory personnel) (class 1-8).	454	124	14	592
Development of potential trainer (class 1-5).	219	249	3	471
Development 5 basic steps to cane department personnel (time 1-3).	286	86	19	391
Work improvement technique (class 1-9).	229	100	3	332
The principles and procedures of operation during production season year 2016/2017 (class 1-3).	269	16	14	299
Risk management training of KTIS group year 2016.	64	199	33	296
Knowledge of sugar production process (class 1-5).	274	18	1	293
Solving the problem of trashes and tops and impurities in sugar cane (class 1-3).	251	-	-	251
Mandatory class for new employees (class 1-3).	242	9	-	251
Training of the first level building electrical before actual test	156	16	-	172
ISO9001, ISO14001:2016:2015 and Auditing	19	112	26	157
Leader of new era	-	121	-	121
Increase productivity, reduce costs technique	35	71	-	106

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
Total Productive Maintenance (TPM)"	85	20	-	105
Review the requirements of the standard: FSSC 22000 FSSC 22000 Requirement Version 3.2.	26	65	9	100
Dharma for the efficiency improvement and development.	13	82	5	100
The Goals of efficiency, quality of the work and tractor maintenance for year 2016.	100	-	-	100
Knowledge of The budget system and the information system for management.	27	48	24	99
Fire protection and escape plan training year 2016	72	24	2	98
Safety training in the overhead crane and crane truck.	68	29	-	97
Soil and fertilizer management program to increase the yield of sugarcane farming (class 1-2).	56	32	4	92
The unity of labor for Nation in future	68	11	1	80
Spec Seal training	69	10	-	79
Techniques for data storage and communication year 2016 of cane department personnel (class 1-4).	77	2	-	79
Knowledge about the Bearing of machines	65	6	-	71
Internal auditor of ISO 14001: 2015 (class 1-2).	26	35	6	67
Internal Quality Audits (IQA).	4	60	1	65
Programs Development and application of tools to support the entire system of sugarcane farming.	44	21	-	65
Cutting, assembling, and electrical welding	63	1	-	64
Team management and leadership	40	20	3	63
Preventive maintenance	61	1	-	62
Basic knowledge for using bearings (NTN) .	49	13	-	62
Welder training	41	16	-	57
Basic pipe and valves.	57	-	-	57
Occupational diseases and the use of personal protective equipment.	42	15	-	57

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
GMP/HACCP committee standard	4	42	10	56
Mill section maintenance for the crushing efficiency	43	7	-	50
Maintenance of pneumatic equipment	40	10	-	50
Performance appraisal of KTIS group in 2016	13	35	1	49
Halal and industry practices	3	38	6	47
The system of quality and environmental management integrated system (EMS (2015) & QMS (2015))	11	31	3	45
Maintenance of electrical system and air conditioning in the car.	36	6	-	42
Operation and maintenance for turbine system and Governor.	26	12	4	42
Cane harvesting development plan CHDP (class 1-2).	27	13	1	41
Knowledge in preventive maintenance of the electrical motors	34	6	-	40
Knowledge of lubricating oil in 2016.	5	34	1	40
The internal auditors of the quality and environmental management integrated sysem (EMS (2015)& QMS (2015)).	7	29	2	38
Interpretation of ISO 14001:2015 requirements (time : 1-2).	15	19	3	37
Lubricant system in machinery.	32	2	-	34
Principles and methods to use PH and Conductivity equipment for sugar industry.	22	10	-	32
To select the valve and control equipment to be worth for the investment.	18	12	1	31
Legal electrical safety 2016.	18	11	-	29
Human resources management and salaries programs (class 1-2).	16	6	3	25
Knowledge of PLC Control system.	20	4	1	25
Knowledge of hydraulic, electrical and engine system in the cane harvesters.	20	3	-	23
Speak English word-for-word, for work level 1.	16	5	-	21

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
Plant management for high-quality products.	6	14	-	20
Safety class for management level.	-	8	11	19
Techniques of welding and welding inspection	18	1	-	19
KTBP visit to study their operations (class 1-3).	13	5	-	18
Safety work in the air-less area.	16	-	-	16
Rules and regulations of work (class 1).	12	2	-	14
Fermentation section, Distillation section and Analytical system	-	10	3	13
Knowledge of the budget and the information system for management	-	9	3	12
Seminar on energy conservation in the transport sector.	10	2	-	12
Decanter machine operation and maintenance training.	9	2	-	11
Sensor applications in the production process.	5	5	-	10
Disseminate knowledge of energy conservation in the transport sector.	2	6	2	10
Pneumatic system	6	2	-	8
Basic Turbine Training	5	1	-	6
The program for energy saving in operation	-	3	3	6
Studying the establishment and developed a network of environmental conservation industry.	-	3	3	6
The new law seminar "How to collect debt according to the law"	-	6	-	6
Sugar Color and Sugar Crystallization Online Measuring by Image Processing.	-	5	-	5
Preparation of sugar cane production for 2016/17 season.	-	1	4	5
Reforming the Electric Development Fund	-	3	2	5
To reduce the error of PH analysis and Titration technique to increase work efficiency.	3	2	-	5
The study of Clarified Juice Rotary Screen.	-	5	-	5

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
Safety of Biogas operation.	4	1	-	5
An analytical study of the causes of molasses quality lower than standard (class 1-3).	-	4	1	5
Training in the Driving Skill for Life project.	5	-	-	5
Innovation Technology Edge Of Molub-Alloy For Sugar Industry.	-	4	-	4
SIEMENS SIMATIC STEP 7 PLC and Win CC HMI Programming Training Course.	2	2	-	4
Arrangement of weighing scale in laboratory.	3	1	-	4
Operation and maintenance of trashes compressing machine (class 1-2).	-	4	-	4
To prevent accidental fires in the evaporators and burst in steam boiler.	-	4	-	4
Statistics for the analysis and testing of production season 2015/16	-	3	1	4
AIM-Progress Responsible Sourcing Event.	1	1	1	3
Open House "Business recovering at the era of industry 4.0 and SME 4.0".	-	3	-	3
Real time video monitoring benefit for on line sugar color analyzer and pan microscope.	-	3	-	3
Labor law and consumer protection law.	2	1	-	3
Sugar cane epidemic diagnosis system from intelligent computer.	1	2	-	3
Application PLC (Mitsubishi) in industry.	-	3	-	3
Analysis of color values using the ICUMSA METHOD GS 9/1/2/3-8 (2011).	-	3	-	3
Accumulating Energy Point and dissemination of knowledge about energy conservation.	-	3	-	3
Inverter air conditioning system.	3	-	-	3
Accounting method for fair taxpayers.	-	3	-	3
The Solar energy technology to produce electricity.	-	3	-	3
Energy saving innovation increase value to business.	1	2	-	3

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manger and equivalent	
Complete concepts of Biosafety, Biosecurity & waste management in chemical laboratories.	-	1	1	2
Interpretation of ISO 9001:2015 Requirements.	-	2	-	2
ISO/FDID 9001:2015 / ISO/FDIS 14001:2015.	-	-	2	2
Refresh and fulfill your holistic view of safety & waste management in chemical laboratories.	-	2	-	2
Water management and Global Trend with " e water 5.2 ".	-	1	1	2
Registration to prevent checking back for additional tax collection for SMEs .	-	1	1	2
Safety management of chemical laboratory.	-	2	-	2
Transfer of inspection missions, certification and registration of Agriculture plant.	-	2	-	2
Calculations by the Advance Microsoft Excel program (class 1).	1	1	-	2
To evaluate the performance of pneumatic system in air ventilation and air conditioning system.	-	2	-	2
The amount adjustment for the calculation of contributions to the social security fund.	-	1	1	2
Personnel development to be overhead crane/crane truck inspector.	-	2	-	2
The development of Labor in the plant under the skill development of labor law B.E.2003.	2	-	-	2
Reporting and remitting money to the Development of Electricity Fund according to the Law.	-	2	-	2
The purified water selection and peristaltic pump for appropriate laboratory standards.	-	2	-	2
Knowledge of Social Insurance and other related laws.	2	-	-	2
Kknowledge and understanding of environmental law for the industrial sector to develop green industry.	-	2	-	2
Knowledge for the controller of water pollution treatment system and its operation.	-	1	1	2
Accounting recorded and storage in consistent with the principles of accounting and tax guidelines.	1	3	-	4

Course name	2016			
	Level-Number of participants(person)			Total (person)
	Officer	Department Head and Engineer	Manager and equivalent	
Security officers at managerial level.	2	-	-	2
Energy conservation guidelines and brainstorming of energy management.	-	2	-	2
Terrorism prevention system in the food industry (Food Defense).	-	2	-	2
The speaking and Master of ceremonies Technique.	1	1	-	2
Seminar on Control & On/Off Valves & Steam Reducing & DE Superheating Stations	-	1	-	1
Environmental laws.	-	1	-	1
Database systems management by using MICROSOFT ACCESS, 2013.	1	-	-	1
Anticorruption prevention of organization (course1-6).	-	-	1	1
To potential development of Halal business in the nation year 2016.	-	-	1	1
Electrical Safety and primary help.	1	-	-	1
Security officers for technical personnel level.	-	1	-	1
Ethanol production from molasses and biogas from ethanol production.	-	1	-	1
Orientation of The Industry Standard (TIS9999).	-	-	1	1
Environmental Manager.	-	-	1	1
Practical training on renewable energy operation (gasification from biomass).	-	-	1	1

Corporate Governance Policy

The Company endeavors to manage its business by adhering to principles of good corporate governance, as it recognizes the benefit and importance of good corporate governance, which contributes to the management of work and business operations in a transparent manner and takes into consideration the best interests of the interested parties in all respects, as well as maintaining verifiability. In order to increase its competitiveness and the shareholders' equity in the long term, the Company has, therefore, established a corporate governance policy in writing which it will communicate to the directors, executives, and all levels of employees in the Company to sign and implement, the details of which are set out below.

Section 1 : Rights of the Shareholders

1.1 Corporate governance policy with respect to the rights of the shareholders

The Company has established its corporate governance policy with respect to overseeing the rights of the shareholders in writing, whereby it places particular emphasis on ensuring that all shareholders have equal access to the Company's operating results, and that they take part in making various important decisions, as well as ascertaining that the shareholders' rights are protected, promoted and supported, and that the shareholders are not deprived of their rights. The Company's Corporate Governance Policy is as follows:

- » The Company has the duty to protect and respect the basic rights of the shareholders, which include the right to purchase, sell or transfer shares, the right to be allocated profits derived from business operations, the right to adequately receive news and information with respect to the business, the right to attend the shareholders' meeting in order to appoint or to remove directors from office, to appoint the Auditor, to allocate dividends, to determine or to make amendments to the Articles of Association or Memorandum of Association, to reduce or increase the capital, and to approve special transactions, etc.
- » The Company has a duty to promote and encourage the shareholders to exercise their rights with respect to various matters in the annual general meeting of shareholders, such as the right to propose agenda items to be included in the shareholders' meetings in

advance, the right to nominate persons for election as directors in advance, the right to send questions to the meeting prior to the shareholders' meeting, and the right to express their opinions and to raise questions in the shareholders' meeting, etc.

- » The Company has a duty to refrain from undertaking any acts deemed to be a violation or limitation or deprivation of the rights of the shareholders to review the information which the Company is required to disclose in compliance with the various requirements and the right to attend the shareholders' meeting; for example, additional documents containing material information shall not be presented unannounced and meeting agenda items shall not be added or material information shall not be changed without prior notice being given to the shareholders.
- » The Company has a duty to facilitate the shareholders in exercising their rights, such as by providing updated material information via the Company website including to support and facilitate the shareholders to attend the general meetings of shareholders by selecting meeting venues of appropriate size to serve the shareholders and where the location is not an obstacle to attending the meetings, and is safe. The Company provides opportunities for the shareholders to submit registration documents for attending the meeting in advance of the meeting date in order to minimize the time for document verification on the meeting date. The Company provides registration channels at the meeting venue and also arranges for a barcode system for registration and vote counting to expedite the registration and vote computation process. To facilitate the shareholders, the Company provides stamp duty for the appointment of proxies.

1.2 Disclosure of Information regarding the Shareholders' Meeting

- » The Company's policy is to inform the shareholders of information regarding the date, time, location and agenda items for the shareholders' meetings, as well as all information relevant to the matters which will be voted on at the shareholders' meeting in advance, whereby the timeframe shall, as a minimum, be in compliance with that prescribed by the law with respect to each shareholders' meeting. The Company shall give the shareholders the opportunity to review

the information prior to the date of the shareholders' meeting by accessing the said information through the Company website. This is to allow the shareholders sufficient time to study the information relevant to the meeting prior to receiving documentary information from the Company and to provide various channels for shareholders to enquire about the details of the shareholders' meetings.

- » After the Shareholders' Meetings, the Company will compile the matters discussed thereat, comprising the details of the agenda items, meeting resolutions, and the voting procedure, as well as the questions and opinions of the shareholders, and incorporate them in the "Minutes to the Shareholders' Meeting". These meeting minutes shall then be published on the Company website within 14 days from the date of the meeting, which is in accordance with the rules prescribed by the Securities and Exchange Committee and the Stock Exchange of Thailand.

1.3 Conducting meetings

- » The Company's policy is to facilitate, to the fullest extent possible, the shareholders in exercising their rights to attend and to vote at the shareholders' meeting and will not undertake any acts that would restrict the shareholders' opportunity to attend such meeting in order to allow the shareholders to participate in making decisions regarding the matters which affect the rights and benefits available to them.
- » The Company will notify the shareholders of the rules, regulations and procedures for attending the shareholders' meeting in the invitation to the shareholders' meeting, as well as at the shareholders' meeting. The person chairing the meeting shall notify the shareholders attending the meeting of the rules and regulations for conducting the meeting as well as the voting procedures thereat, at which the procedure and the system will be transparent, convenient, fast, and efficient. The resolution result will be shown in a short period of time and the shareholders will know the result immediately. The notification shall be recorded in all minutes of the shareholders' meeting. In addition, the Company may give the shareholders the opportunity to submit questions relevant to the matters to be discussed at the shareholders' meeting prior to the date of the meeting as the Board of Directors deems appropriate.
- » The Company shall give the shareholders the opportunity to raise questions relevant to the meeting's agenda items or to the Company and to

express their opinion, whereby the Chairman of the Board of Directors will ask the meeting regarding the questions or opinions with respect to each agenda item. All questions and comments of the shareholders with respect to the meeting agenda items or to the Company, as well as the clarifications given by the Board of Directors and/or the executives, shall be recorded in all minutes of the shareholders' meeting.

- » The Company gives importance to and respects the rights of the shareholders to convene the annual general shareholders' meeting and encourages all shareholders to attend such meeting.

Section 2 : Equitable Treatment of Shareholders

The Company recognizes that all shareholders must be treated equally and has established the following important policies:

2.1 Proposing additional matters to be discussed at the shareholders' meeting

- » The Company's policy is to facilitate the minor shareholders in proposing additional meeting agenda items prior to the date of the shareholders' meeting. In this regard, all additional agenda items proposed for discussion at the meeting by the shareholders and consideration thereof shall be in accordance with the regulations prescribed by the Company.
- » The major shareholders who hold executive positions shall not add additional meeting agenda items without giving advance notice thereof unless in the case of necessity, particularly important agenda items which require the shareholders to take time to study the information before making a decision.

2.2 Nomination of candidates for directorship

The Company's policy is to facilitate its minor shareholders in nominating candidates for the position of directors. In this regard, all nominations by the shareholders and consideration thereof shall be in compliance with the regulations prescribed by the Company.

2.3 Encouraging shareholders to use the proxy form in the case that they are unable to attend the meeting in person

The Company encourages the shareholders to use the Proxy Form, which allows the shareholders to indicate their vote. At least 1 independent director shall be nominated as their proxy, and instructions to complete the form and the background and personal information of each

Independent Director for consideration will be provided. The Company will attach the aforementioned Proxy Form to the invitation to the meeting. Moreover, shareholders can download the proxy form from the website www.ktisgroup.com. Any proxy who submits a completed proxy form to the committee at the Shareholders' Meeting shall be allowed to attend the meeting and vote on behalf of the named shareholder.

2.4 Encouraging shareholders to use voting ballots

The Company encourages the use of voting ballots for important meeting agenda items, such as the entering into connected transactions, acquisition or disposal of material assets, etc. in order to maintain transparency and verifiability in the event of disagreements at a later date.

2.5 Giving shareholders the opportunity to exercise the right to appoint individual directors

The Company encourages the shareholders to exercise their right to appoint directors on an individual basis.

2.6 Preventive measures against the use of inside information to seek unlawful benefits

The Company has established measures in its Code of Conduct to prevent its directors, executives and employees from unlawfully using inside information for their own benefit or that of others, for securities trading, conflicts of interest, and confidentiality. Such measures are stipulated in the Code of Conduct, organized in the form of training, and are disclosed on the Company website. Furthermore, the Corporate Secretary has also been assigned as the person responsible for conveying the regulations with respect to the disclosure of information and monitoring and ensuring that the Board of Directors and the executives report their securities holding in compliance with the law, including disclosing information regarding the interests of, and related transactions between, the directors and executives and requiring that all directors and executives who have the duty to report their interests, as provided by the law, notify the Company thereof.

2.7 Treatment of Foreign shareholders

Every shareholder has the right to receive the information and documents, either in Thai or in English. Any document provided for foreigners shall be translated into English.

Section 3 : The Role of Interested parties

3.1 Corporate governance policy regarding interested parties

The Company recognizes and gives importance to the rights of all groups of interested parties and not only those which it is required to take into consideration in compliance with the law. In the previous year, the Company re-identified groups deemed as interested parties and established additional policies and measures for acting in the interests of the interested parties in line with its Corporate Governance Policy and Corporate Social Responsibility Policy, both of which have been adhered to. The interested parties of the Company can be categorized into 10 groups as follows:

1. Employees and their families
2. Farmers
3. Customers and creditors
4. Shareholders or investors
5. Communities local to each Company place of business
6. Governmental organizations
7. Suppliers and Contractors
8. Academics
9. Educational institutions
10. Competitors

In this regard, the Company has established policies and measures for acting in the interests of the interested parties as follows:

1. Employees and their families

- » The Company will compensate the employees properly and in line with the standard industry salary rate, including the welfare package pursuant to the relevant laws and provident fund based on the consideration of their work in a fair manner and in a way that is quantifiable under the regulations of the Company.
- » The Company aims to continuously promote and develop the skills, knowledge and abilities of its personnel, such as by means of organizing training sessions and seminars for its executives and employees in order to build their potential and the readiness of the organization to be a better quality Company.
- » The Company treats all of its employees fairly and equally, for example, with respect to employee evaluations, confidentiality regarding employment history, welfare, fundamental rights and the exercise of the various rights of the employees in addition to the rights

stipulated by law. Such rights will be informed to employees on a regular basis.

- » The Company places emphasis on the rights of its employees and gives them the opportunity to file complaints in the event that they do not receive equitable treatment by means of various channels such as a comments box, or contacting the human resources department responsible for such matters.
- » The Company has a duty to ensure that the employment environment is safe, healthy, and effectively facilitates work. The Company has a policy on the matters relating to occupational health, safety, security and environment by specifying and promoting good health and the provision of a safe working environment, as well as security and relevant measures to prevent accidents and illness occurring at work for every employee.
- » The Company encourages policies to protect the environment, which will be implemented to promote responsibility towards the environment, and develop and use more environmental friendly technologies. In addition, the Board of Directors of the Company encourages employee education and training with regard to environmental matters. The program covers the Company's policy on environmental protection, energy consumption and emissions of air pollution, waste handling and recycling, as well as the working environment.

2. Farmers

- » The Company has a duty to build good relations and encourage cooperation with farmers in the long term based on the principles of honesty, reliability and mutual trust.
- » The Company supports the establishment of security with respect to the farming profession by acting in the interests of and giving importance to the farmers who are also contractual parties.
- » The Company continuously encourages farmers who are contractual parties to develop knowledge regarding farming by means of, for example, organizing an agricultural school training program, so that the farmers can apply the knowledge obtained therein to their profession in order to increase the efficiency of the product with a view to

generating high returns from farming. The Company encourages the protection of the environment by supporting the use of more environmentally-friendly technologies, and building awareness of the impact on the environment and encouraging the efficient handling of waste such as utilizing the agricultural waste to the fullest extent possible.

3. Customers and Creditors

Customer Relations Policy

- » The Company has a duty to maintain good relations and to cooperate with customers in the long term, based on the principles of honesty, reliability and mutual trust.
- » The Company has a duty to satisfy its customers to the extent possible by means of taking responsibility for, acting in the interests of and considering the issues and needs of the customers as its priority, whereby all executives and employees shall comply with the measures pursuant to this policy.
- » The Company will perform work based on the principles of Ethics and will not solicit, receive or pay dishonest benefits to the customers and creditors.
- » The Company is committed to presenting and delivering products and services of high standard which meet the needs of the customers;
- » The Company strives to adhere to the various conditions as agreed upon with the customers to the best of its abilities.

Creditor Relations Policy

- » The Company has a duty to establish good relations with its creditors and to treat them based on the principles of honesty, reliability and mutual trust by providing information that are accurate, transparent, and accountable to creditors.
- » The Company has a duty to be responsible for, pay attention, and give importance to the various promises and conditions as agreed upon with its creditors to the best of its abilities in repaying debts, loans, and interest and in pledging various collateral. In the case that the Company cannot perform the obligations under the agreements, The Company will inform creditors in advance to mutually find solutions to the problems.

4. Shareholders or Investors

See Section 1. Rights of the Shareholders

5. Communities local to each Company place of business

- » The Company and its employees are committed to behaving and conducting themselves as good citizens and in ways that benefit society and the community.
- » The Company has a duty to treat the communities local to each Company place of business amicably and to give assistance to and promote the livelihood of the communities, as well as to be responsible for remedying any situation arising as a consequence of the Company's business operations, in a fair and equitable manner.
- » The Company has a duty to oversee and support activities which are beneficial to society and to willingly cooperate with governmental and non-governmental organizations and to make sacrifices for the better good.

6. Governmental Organizations

- » The Company has a duty to act in compliance with all applicable and prescribed laws and rules.
- » The Company will promote the various activities of governmental organizations as is deemed appropriate.

7. Suppliers and Contractors

- » The Company has a duty to maintain good relations with all suppliers and contractors.
- » The Company has a duty to give all suppliers and contractors an equal opportunity to present their products/services, whereby the executives and employees related to the suppliers and contractors shall comply with the following measures. All executives and employees shall:
 - » Treat the suppliers and contractors honestly and equitably;
 - » All considerations and decisions shall be based on the comparison of quality and various conditions, while at the same time taking into account the interests of the Company, both in the short and long term, and the Procurement Manual must be strictly complied with in the following areas:

- » quality and services
- » pricing
- » delivery time
- » reliability
- » Company reputation and referred successful cases
- » records of business dealings of the Company
- » condition of transactions
- » other aspects as appropriate

8. Academics

- » The Company gives academics the opportunity to learn the information, methods and work procedures of the Company, as well as the opportunity to exchange knowledge for academic purposes and for conducting various research studies which are beneficial to the Company.
- » The Company encourages the participation in studies in the use of technology for improving various work procedures, as well as studies for the purpose of developing innovations which would be beneficial to the development of the Company.

9. Educational Institutions

- » The Company will promote knowledge-sharing regarding technology and the manufacturing process at educational institutions, whereby it will place particular emphasis on schools and educational institutions in communities local to each Company place of business as a priority.
- » The Company will promote the various activities of the educational institutions as is deemed appropriate.

10. Competitors

- » The Company will not perform any act which would violate or contradict any competition law or may cause damage to the reputation of its competitors.

3.2 Measures for compensating interested parties in the event of damage arising from wrongful acts

- » Preventive measures against the use of inside information by the directors, executives and employees

The Company has established measures relating to the use of inside information which its directors, executives, and employees must comply with as follows:

1. The Corporate Secretary has the duty to inform the directors and executives to report their securities holding, and that of their spouses, as well as their children who are minors in the Company, and to report any changes thereto pursuant to Section 59 and the terms of punishment pursuant to Section 275 of the Securities and Exchange Act B.E. 2535.
2. The Company will advise its directors, executives and employees who are in possession of inside information against the disclosure of material information prior to the sale and purchase of Company shares, including the Company's financial statements, which will have an impact on the price of securities to be offered to the public, up to and including one month prior to the public disclosure, as failure to do so would be deemed a violation of the Securities and Exchange Act.

» Preventive Measures against Conflicts of Interest of Executives and Employees

The Company has established measures to prevent its directors and executives from unlawfully using inside information for their own benefit or that of others in the Code of Conduct for its executives and employees as follows:

1. Executives and employees shall not undertake acts with a view to either seeking benefits or misappropriating assets which are the property of the Company or of the customers of the Company, as their own or for others, which are deemed to be in conflict with the interests of the Company.
2. Executives and employees should avoid situations or personal activities and gaining financial benefits which may be in conflict with the work duties by which they are bound and which have an impact on the protection of the Company's interests.
3. The Company will avoid delegating duties and responsibilities to the executives and employees in the event that such acts may lead to situations that may be in conflict with the interests of the Company or that of the Company's customers.
4. In the event that the executives and employees participate in external activities or hold external positions, such as that of directors, advisors, representatives, or employees in other organizations, the said activities or positions

shall not be in conflict with the interests of the Company, whether directly or indirectly, and shall not cause the Company to suffer any damage, and shall not have any impact on the performance of their work duties.

5. All executives and employees are prohibited from participating or holding positions in other organizations operating the same type of business as that operated by the Company or those deemed to be the Company's competitors, or those whose business may be in conflict with the interests of the Company.

In this regard, the Company shall be given a report on the interests regarding the entering into transactions with companies belonging to the directors, executives and employees on a regular basis. The Company's Internal Auditor has a duty to report information regarding various interests to the Audit Committee for its acknowledgment and consideration. The Audit Committee will then give the Board of Directors a report on the summary of information on various interests for its further acknowledgment and consideration, whereby the Internal Auditor will be responsible for monitoring the results on a regular basis.

Furthermore, the Company has established measures for compensating the interested parties in the event that they suffer damage as a consequence of the following violations:

1. Preventive measures against damage arising from violations against employees and their families

The Company has established locations for receiving complaints and/or suggestions from employees as channels for employees who have been affected by the work operations to file complaints.

2. Preventive measures against damage arising from violations against customers and creditors

The Company deals with customers in compliance with its customer relations policy and has established a customer service department as a center for receiving customer complaints in the event that customers encounter issues or require assistance.

In order to prevent against any damage arising from violations against the debtors and creditors, the Executives will consider the qualifications of all debtors and creditors prior to entering into transactions with a view to avoiding future problems, and in doing so, base their consideration on the principles of honesty and reliability.

3. Preventive measures against damage arising from violations against shareholders

The Company undertakes steps to protect and oversee the basic rights of the shareholders, including the right to receive information, the right to attend shareholders' meetings, as well as to encourage the shareholders to exercise their rights beyond the provisions of law.

4. Preventive measures against damage arising from violations against local to communities of each Company place of business

The Company has established measures to prevent damage arising from violations against the communities local to each of the Company place of business in line with its Corporate Social Responsibility Policy by building good relationships with the surrounding communities as well as giving them assistance and support with a view to promoting their livelihoods.

5. Preventive measures against damage arising from violations against government organizations

The Company has established measures to prevent damage arising from non-compliance with the various applicable laws and regulations, whereby the Company's legal department will be responsible for monitoring the work performance of the departments of the Company on a regular basis in order to ensure their compliance with the law.

6. Preventive measures against damage arising from violations against suppliers and contractors

The Company has established measures for preventing damage arising from violations against the suppliers and contractors, whereby the Company has a policy to build good relations with all of its suppliers and contractors and, furthermore, treats all suppliers and contractors equitably.

7. Preventive measures against damage arising from violations against academics

The Company gives academics the opportunity to visit and observe the work process for providing services and also provides information on the methods and procedures pertaining to the provision of services for academic purposes. It also cooperates with the academics in studying and improving technologies to be used for providing services on a regular basis.

8. Preventive measures against damage arising from violations against educational institutions

The Company cooperates with educational institutions by giving them the opportunity to visit its places of operation on-site and by organizing seminars to share technological knowledge and details relating to its service process. The Company also gives the educational institutions financial support for various activities on a regular basis.

3.3 Participation channels of interested parties

The Company has established numerous participation channels for interested parties as follows:

- » The Company has established a channel for receiving complaints and/or opinions and an additional channel via email, which will be sent to the Executives via the Internal Audit Department, Tel. 02-692-0869-73 Ext. 169 E-mail: internalaudit@ktisgroup.com
- » The Company gives its employees the opportunity to submit suggestions to the Board of Directors via the Company website under the Investor Relations section via the Company Secretary Department, Tel. 02-692-0869-73 Ext. 175 E-mail: cs@ktisgroup.com
- » The Company has taken steps to ensure that its representatives visit the community in the areas neighboring the factories every year.

3.4 Mechanisms for protecting Whistle-Blowers

- » The Company has established channels for filing reports or complaints regarding violations of
- » the law or of the Code of Conduct, Financial Reports or deficiencies in the internal control system according to the channel in No. 3.3.
- » The Company has established measures for protecting employees who are Whistle-blowers, whereby:
 1. The Whistle-Blowers can choose not to reveal themselves if they believe that the revelation would lead to lack of security or damage.
 2. The Company will keep the information secret and safeguard the security of the Whistle-Blowers by setting up systems to protect the Whistle-Blowers who are employees, including those cooperating in investigation of the facts of such complaint such as work disturbance, transfer, dismissal of employment, and intimidation etc.

- » The Company has put in place procedures to be followed upon receiving reports from Whistle-Blowers, whereby the Internal Audit will first compile and summarize the issues and present them to the Internal Audit Committee for consideration and investigation of facts and evidence. If it is found that such information impacts on the Company, the issue shall then be proposed to the Board of Directors of the Company for further consideration.

Section 4 : Disclosure of Information and Transparency

The Company has a policy to disclose information regarding the Company, including financial information and other information, in an accurate, complete, timely, and transparent manner, via easily-accessible channels, and in a fair and reliable manner.

4.1 Internal control and entering into transactions with potential conflicts of interest

- » The Company's policy is to prevent and eliminate any potential conflicts of interest by prescribing that all transactions with potential conflicts of interest be in compliance with the regulations and steps determined by the Company and all applicable laws.
- » The Company will undertake acts to ensure that its directors, executives, and/or major shareholders, as the case may be, do not operate businesses that are similar to or in competition with that of the Company, or that decrease the Company's competitiveness, or enter into related transactions whereby the other benefits resulting thereof may be in conflict with the best interests of the Company or its subsidiaries. The directors, executives and/or major shareholders of the Company, as the case may be, shall inform the Company if the directors, executives, and/or major shareholders hold shares in companies whose business operations are similar to those of the Company or its subsidiaries in order for the Company and the Audit Committee to consider whether or not such shareholding is in conflict with the best interests of the Company or its subsidiaries.
- » The Company also places emphasis on the importance of a good internal control system and has arranged for an Internal Audit Office to audit the performance of work in each field of work so as to prevent errors and to ascertain that work is performed in a transparent manner. Auditing is completed periodically and reports thereof are submitted to the Audit Committee for consideration.

4.2 Disclosure of Information

The Company discloses information in compliance with the relevant laws or regulations via the Stock Exchange of Thailand and the Company website under the Section entitled "Information for Investors". The Company has delegated the Investor Relations Department to be responsible for the disclosure of information as well as for regularly updating information, and acting as the representative in communicating information, news and updates on activities to the Company and the investors, analysts, and general public. Please contact the Company's Investor Relations Department, Tel 02-692-0869-73 Ext. 193 Ext, 26, Email : ir@ktisgroup.com

4.3 Disclosure of the Corporate Governance Policy

The Company has disclosed its approved Corporate Governance Policy, as well as the results with respect to compliance with the aforementioned Policy via various channels such as the Annual Report and the Company website.

4.4 Report on the responsibilities of the Board of Directors with respect to the Financial Report

The Company requires that there be a report on the responsibilities of the Board of Directors with respect to the financial report, which shall be presented alongside the auditor's report in the annual report. The contents thereof shall verify compliance with accounting principles and the financial report shall consist of accurate, complete and actual information in accordance with accounting standards. The aforementioned reports shall bear the signatures of the Chairman of the Board of Directors and the Managing Director.

4.5 Disclosure of the Roles and Duties of the Board of Directors and Subcommittees

The Company has disclosed the roles and duties of the Board of Directors and Subcommittees, the number of meetings held and the number of times each Board member attends meetings in the previous year, as well as the comments in relation to the performance of their duties in the Annual Report.

4.6 Disclosure of possession of the Company's shares

The Company requires that Directors report their purchase-sale of / possession of shares in the Company to the Board of Directors.

Section 5 : Responsibilities of the Board of Directors of the Company

The Company recognizes the importance of selecting directors who demonstrate leadership, are visionaries, and who have experience, knowledge and ability and demonstrate independence in making decisions in the best interests of the Company and the shareholders overall. The Company also recognizes the importance of clearly separating the roles and duties of the Board of Directors and the Management and overseeing the work system to ensure that its various activities are in compliance with the laws and ethical standards.

The Company has established its corporate governance policy while taking into consideration various factors including the responsibilities of the directors, whereby the important policies relevant to this matter are as follows:

5.1 Structure of the Board of Directors

- » The Company values transparency and verifiability in its work operations, and, therefore, the Chairman of the Board of Directors is not the person holding the position of the Chief Executive Officer or the President. The Board of Directors of the Company has, furthermore, approved the definition of the independent director in line with the criteria and definitions prescribed by the Securities and Exchange Committee.
- » The Company has prescribed formal procedures for selecting directors, and in doing so, it adheres to principles of transparency and is free of influences by the Management or shareholders with authority. That is to say, the Nomination and Remuneration Committee shall be responsible for recruiting persons to hold directorship positions and shall consider and select appropriate candidates based on their educational background, ability, work experience etc., whereby such persons shall also be qualified and shall not possess the prohibited characteristics as prescribed by the law as well as to be in line with the business strategy of the company. Candidates shall be selected in line with the duties and responsibilities of the position of a director of the Company and/or a director who is a member of various subcommittees who will be recruited from experts in various specialized fields or Professional Search Firms or Directors Pools or similar organizations. Upon having selected the appropriate candidates for directorship, the names of the said candidates shall be proposed to the Board of Directors for further consideration and appointment as directors.

- » The Company requires that the names of the members of the Board of Directors and Subcommittees be disclosed, whereby details relating to each director's name, position, age, educational background, shareholding proportion and relationship with the executives are disclosed via various channels, including the Annual Report and the Company website.
- » The directors of the Company shall hold their positions for a term of three years. Any retiring director may be re-appointed by the meeting of shareholders.
- » The Board of Directors of the Company shall consist of a minimum of three independent directors, being an aggregate of not less than one-third of the total number of directors. The independent directors of the Company shall be qualified and shall not have the prohibited characteristics determined by the Board of Directors, and such requirements shall not be less stringent than those prescribed by the Capital Market Supervisory Board and the Stock Exchange of Thailand.
- » The Company will appoint a Corporate Secretary to perform the various duties prescribed by the law as well as those delegated by the Board of Directors of the Company.

5.2 Leadership and Vision

- » The Board of Directors shall demonstrate leadership, and shall be visionary, implementing Company strategy, goals and policy in managing the business plan, and annual budget of the Company and be independent in making decisions in the best interests of the Company and the shareholders overall. The Company has, therefore, clearly separated the roles and duties of the Board of Directors and those of the Management, whereby the Management shall be responsible for obtaining various information required for consideration while the Board of Directors shall have the duty to make decisions on such matters accordingly.
- » The Company hopes that its business will be stable and successful in the long term, and has therefore coordinated with the Management to consider, review and establish a vision and mission that corresponds to the changing environment, as well as the targets in the Business Plan and Financial Statement in the previous year, while taking into consideration the maximum increase in economic value and long-term stability of the Company and its shareholders. The Board of Directors shall also have

the duty to oversee and monitor the administration of the Management to ensure that they are in line with the Business Plan in an efficient and effective manner.

- » The Board of Directors shall monitor the management to ensure that the management takes the Company strategy into consideration in management meetings and conforms to the strategies set out. The management reports to the Board of Directors 4 times per year.
- » The Board of Directors of the Company encourages corporate governance practices within the organization. The Board of Directors are, therefore, leaders in establishing guidelines for good corporate governance, the Code of Conduct, measures and steps for approving related transactions with related companies or persons with potential conflicts of interest, and in clearly separating the scope of authority of the shareholders from that of the Board of Directors and the scope of authority of the Board of Directors from that of the Executives, and the various Subcommittees, so as to create a balance of power and ensure mutual verifiability in an independent manner.

5.3 Conflicts of Interest

- » The Company will consider related transactions which may cause potential conflicts of interest between the shareholders, directors and the Management with due care, honesty, reason and independence within the framework of good ethics. The Company will also fully disclose all information while considering the overall best interests of the Company as a priority and will strictly comply with the rules and procedures provided in the notifications, orders or regulations of the Stock Exchange of Thailand. The Audit Committee will give its opinion as is necessary and appropriate given that particular related transaction.
- » The Company has established measures and steps for approving related transactions with related companies or persons who have potential conflicts of interest, whereby persons with direct and indirect conflicts of interest shall be prohibited from considering the approval of the said transactions, and the Audit Committee shall participate in considering and giving its opinion as is necessary and appropriate for the best interest of the Company. Information pertaining to the related transactions shall be disclosed in the remarks to the financial statement in line with generally accepted accounting standards in the Annual Report.

5.4 Business Ethics

- » The Company has established a Code of Conduct for use by all executives and employees as a guideline for performing their work, and to which they shall adhere strictly and at all times. The said Code of Conduct includes issues regarding honest business practices, fair and equitable treatment of interested parties, prevention of wrongful acts against interested parties, conflicts of interest, confidentiality, and misuse of information, as well as bribery, gifts, and rewards. The Company has assigned the Internal Audit Department to monitor and conduct investigations in relation to compliance with such Code of Conduct.
- » The Company will monitor and oversee its business operations and the performance of work duties by the directors, Management, and employees, and adhere to the principles of virtue and ethics in addition to the rules and regulations of the Company and applicable laws.
- » The Company's policy requires that its directors, executives and employees avoid or refrain from selling and purchasing securities of the Company within a period of one month prior to the disclosure of material information to the general public which may have an impact on the price of the securities of the Company, such as financial information.

5.5 Joining or separating positions to create a balance of power with respect to work management

The Company has clearly defined and separated the scope of authority and responsibilities of the Board of Directors, the Executive Committee, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, as well as the Chief Executive Officer. The Company also requires that Chairman of the Board of Directors is not the person holding the position of the Chief Executive Officer or the President and that he/she has is not related to the Management in order to prevent an executive from having unlimited power and to be able to audit and establish a balance for work management.

5.6 Subcommittees

The Board of Directors of the Company has arranged for the appointment of Subcommittees to assist the Board of Directors in studying relevant details and monitoring and overseeing the performance of work, as well as to screen the matters to which they have been assigned. The scope of authority and responsibilities of the said Subcommittees have been clearly defined.

5.7 Roles, Duties and Responsibilities of the Chairman of the Directors of KTIS Group

- » The Chairman of the Directors summons the yearly Board of Directors meeting, and monitors the distribution of invitation letters, including any accompanying documents for the Board of Directors to obtain adequate information in timely manner.
- » The Chairman of the Directors takes the position of the Chairman of the meeting and encourages the Directors to perform in accordance with the laws and regulations.
- » The Chairman of the Directors allows directors to express their opinions and considerations, and makes decision with thorough consideration and with honesty and integrity.
- » The Chairman of the Directors shall receive reports from the management and subcommittees to follow up on the operation and progress of work of the Company in the Board of Directors' meeting.
- » The Chairman of the Directors encourages and sets up standards to monitor the corporate governance of the Board of Directors.
- » The Chairman of the Directors takes the position of the chairman of the shareholders' meeting and ensures that the meeting is in compliance with the articles of association and meeting agenda.
- » The Chairman of the Directors encourages the Directors and shareholders to communicate efficiently.

5.8 Roles, Duties and Responsibilities of the Board of Directors of KTIS Group

- » The Board of Directors has a duty to consider and approve material issues with respect to the operation of the business, as well as to oversee that the Management operates the business in line with the prescribed policies and plans, including the budget, in an efficient and effective manner.
- » With respect to the Board of Directors having established a Corporate Governance Policy in writing and given its approval thereof as previously mentioned; the Board of Directors revises the said Corporate Governance Policy at least once a year.
- » The Board of Directors has issued a Code of Conduct in writing and distributed the same to the directors, executives and new employees. The Board of Directors has, furthermore, revised the various

guidelines for conduct with respect to the directors, executives and existing employees in order to understand the moral standards which the Company applies in operating its business, whereby the Board of Directors of KTIS group has assigned the Internal Audit Department to closely monitor compliance with the said Code of Conduct.

- » The Board of Directors has exercised due prudence in considering conflicts of interest, as well as connected transactions with potential conflicts of interest with those of the Company whereby the interests of the shareholders are deemed as the priority. Notwithstanding this, the material connected transactions have to be approved by the Board of Directors.
- » The Board of Directors has put in place a system for controlling financial reporting and compliance with the various rules and regulations, whereby an Internal Audit agency shall be responsible for such duties. The said duties must be independent of the performance of other work and such system shall be revised at least once per year.
- » The Board of Directors and the Audit Committee have a duty to jointly consider the annual and quarterly financial statements and financial information in the Annual Report and to jointly evaluate the adequacy of the internal control system of the Company for disclosure to the investors.
- » The Board of Directors and the Risk Management Committee have a duty to jointly consider and determine the Risk Management Policy to be applied throughout the organization, whereby the Management has been assigned to oversee compliance with the said policy and to report relevant issues to the Board of Directors and/or Risk Management Committee on a regular basis. The Board of Directors will ensure that the system is reviewed or that the effectiveness of the risk management is evaluated at least once per year and in the event that there are changes to the risk level, and will also give importance to early warning signs and unusual transactions.
- » The Board of Directors has a policy to encourage the Directors to develop their knowledge by specifying that, annually, at least 1 director has to take a course or seminar activity which increases their knowledge regarding the position of director of the Company.

5.9 Authorization of the Board of Directors

- » แต่ง Appoint, remove, and/or delegate authority to a consultant of the Board of Directors of the Company and other subcommittees
- » Arrange for consultation with the expert or the consultant of the Company (if any) or an outsourced expert if necessary at the expense of the Company
- » Approve policies or principles, and assign them to the management to implement in accordance with the agenda efficiency and effectively
- » Approve the investment in fixed assets, equity instruments, debt instruments, investments or joint ventures in new projects in amounts that exceed the authorization power of the executive committee and laws
- » Approve debt write-offs from the account according to the conditions specified by the Company
- » Approve the business plan and the annual budget of the Company
- » Approve share repurchase of not over 10% of the paid up capital or according to the laws Specified
- » Approve financial transactions which exceed the authorization power of the management
- » Approve the disposal of the fixed assets of the Company in amounts which exceed the authorization power of the executive committee and according to the laws.
- » Approve financial transactions which exceed the authorization power of the executive Committee

5.10 Board of Directors' Meeting

- » The Board of Directors will convene a Board of Directors' Meeting at least four times per year and such meetings shall be conducted in accordance with the Company's Articles of Association, the Public Limited Companies Act B.E. 2535, and the rules and regulations prescribed by the Stock Exchange of Thailand. The Chairman of the Board of Directors, in acting as the Chairman of the Meeting, will encourage the exercise of discretion in a prudent manner and will allow sufficient time for the Executives to propose matters for consideration, as well as for the directors to carefully discuss the material issues. The Chairman will also arrange for the minutes of each meeting to be recorded in order to ensure verifiability by the directors and relevant persons. The directors have a duty to attend all Board of Directors' Meetings unless in the case of special circumstances. The Directors

who will receive direct or indirect benefits have no right to vote and shall leave the meeting during that particular agenda item.

- » The minimum quorum at the time that the Board of Directors votes is two-thirds of the total number of Directors.
- » The Company requires that the Management prepare and submit a report on the operating results to the Board of Directors for acknowledgment on a regular basis in order for the Board of Directors to be able to continuously and promptly supervise, control and oversee the performance of work by the Management. The Company shall issue the minutes of the meeting in written form and retain an original copy of the invitation letter and accompanying document in electronic files in order for them to be convenient for directors and relevant persons to examine.
- » The Chairman of the Board of Directors shall convene the Board of Directors' Meeting and shall consider and determine the meeting agenda items, whereby he/she may consult with the Managing Director, Corporate Secretary or Company Advisor in doing so. Each director has the right to propose matters to be included in the agenda of the Board of Directors' Meeting.
- » The Board of Directors may invite the Executives, employees, or Advisor(s) of the Company to attend the Board of Directors' Meeting to give additional information on the matters discussed thereat.
- » The secretary of the Board of Directors shall, prior to the date of the Board of Directors' Meeting in the following year, prepare a schedule for the meetings for the coming year in order for the Board of Directors to be informed thereof in advance and so that they can plan ahead and allocate time for attending the said meetings accordingly.
- » In determining the number of Board of Directors' Meetings, consideration shall be given to their appropriateness based on the duties and responsibilities of the Board of Directors. The Corporate Secretary will prepare an agenda for the annual general meeting specifying the matters to be considered at each meeting so that the Board of Directors is informed of the various details to be considered thereat in advance.
- » In each of the Board of Directors' meetings, the company secretary will distribute the meeting documents to the Directors to consider before the meeting, pursuant to the relevant laws, prepare

documents and disclosures relevant to the meeting and distribute them to the Directors at least 5 working days before the meeting.

- » All Board of Directors' Meetings shall be strictly in compliance with the Company's Articles of Association and the Public Limited Companies Act B.E. 2535. All directors shall be given equal opportunity to discuss the material issues and the Secretary of the Board of Directors shall attend the meetings and record the minutes thereof including the various questions and suggestions of the directors to ensure that the matters discussed can be monitored and verified by the directors and relevant persons.
- » The Chairman of the Board of Directors shall be responsible for allocating adequate time for presenting the information provided by the Management and for all of the directors to discuss the material issues with due prudence. The Chairman of the Board of Directors shall encourage the directors attending the meeting to exercise their discretion in a prudent manner and ask the meeting whether or not there are any further questions or disparate opinions with respect to each agenda item being considered.
- » The Board of Directors' policy requires that the directors who are not Executives meet amongst themselves as necessary in order to discuss the various management issues at hand. Members of the Management shall not attend the said meetings and the Managing Director shall be informed of the meeting results.
- » The Board of Directors has a policy for the Company Secretary to set the schedule for the annual Board of Directors' meetings in advance for the Directors to perform their duties efficiently.

5.11 Self-Evaluation of the Board of Directors

- » There is annual self-evaluation of the Board of Directors as a whole to acknowledge their efficiency in working together and development in the following areas:
 1. Qualifications of the Directors
 2. Roles, duties and responsibilities of the Directors
 3. Board of Directors' meetings
 4. Performance of the Directors
 5. Relationship with the management
 6. Self-development of the Directors and development of executives

- » Process of self-assessment of the Board of Director as a group

1. The Board of Directors considers the self-assessment form of the Board of Directors as a group to be accurate in accordance with specified regulations.
2. The Company Secretary summarizes the self-assessment of the Directors as a group and reports to the Board of Directors for their consideration.

- » There is an annual self-assessment of the individual members of the Board of Directors to consider their performance and their position as a Director of the Company in order to improve their performance in the following areas:

1. Qualifications of the Director
2. Board of Directors' Meetings
3. Roles, duties and responsibilities of the Director

- » Process of self-assessment of the individual members of the Board of Director is as follows;

1. The Board of Directors considers the self-assessment form of the individual members of the Board of Directors to be accurate in accordance with the specified regulations.
2. The Company Secretary summarizes the self-assessment forms of the individual members of the Board of Directors and reports to the Board of Directors for their consideration.

- » There is an annual self-assessment of the subcommittees as groups, namely the audit committee, nomination and remuneration committee, executive committee, and risk management committee, to acknowledge the performance of working together and in order to improve themselves in the following areas:

1. Qualifications of the Directors
2. Board of Directors' Meetings
3. Roles, duties and responsibilities of the Directors

- » Process of self-assessment of the subcommittee as a group is as follows;

1. The subcommittee considers the self-assessment form of the subcommittee as a group to be accurate in accordance with the specified regulations.
2. The Secretary of each committee summarizes the self-assessment of the subcommittee as a group and reports to the subcommittee for their consideration.

3. The Company Secretary reports the results of the self-assessment of the subcommittees to the Board of Directors.

5.12 Remuneration of directors and executives

- » The Board of Directors of the Company shall consider and determine the remuneration of the directors and shall propose the same to the meeting of shareholders for approval. In this regard, in determining the directors' remuneration, the Board of Directors shall compare the standards pertaining to the payment of remuneration in companies in the same industry and shall give consideration thereof based on fair standards. Consideration shall be given to the experience, obligations and duties, scope of the role, as well as accountability and responsibility, including the benefits which the Company would receive from each director. The directors who have been delegated additional duties and responsibilities should receive higher remuneration as appropriate. For example, a director who is a member of the Audit Committee may receive a higher rate of remuneration for his role in the Audit Committee.
- » The remuneration of the Chief Executive Officer and Executives shall be in accordance with the principles and policies determined by the Board of Directors, whereby consideration shall be given to the best interests of the Company. The determination of salaries, bonuses and incentives in the long term shall be in line with the performance of the Company as well as that of each individual executive.
- » All the Directors who are not executive directors will assess the performance of the Chief Executive Officer of the groups of the Company annually in order to use such assessment in the remuneration consideration of the Chief Executive Officer of the groups of the Company by applying the standards agreed with the Chief Executive Officer of the groups of the Company according to the main criteria. This includes the results of the financial operations, the results of their implementation in accordance with the Company's strategic objectives in the long term, and the development of the executives. Notwithstanding the above, such directors who are not executive directors shall propose the results of Managing Director's assessment to the Board of Directors to consider.

5.13 The Subcommittee Members : duties and responsibilities

The Board of Directors shall appoint members of the subcommittee from the Board members to serve on the committee to perform special duties. The subcommittee members will be assigned from the current Board of Directors to set up 4 committees; Executive Committee, Audit Committee, Nomination and Remuneration Committee and Risk Management Committee.

» Executive Committee

The term of membership of the chairman and members of the Executive Committee is three years from the date of their appointment. Any retiring member of the Executive Committee may be re-elected. In the event that there is a vacancy in a Director's office for reasons other than retirement, the Board shall elect a sufficiently qualified candidate as a member to ensure that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

Scope of power, duties and responsibilities of the Executive Committee

1. The Executive Committee is responsible for managing our business in accordance with the objectives of our business operations, provided that management of our business shall be subject to policies, rules or orders prescribed by the Board. In addition, the Executive Committee is responsible for reviewing matters to be proposed to the Board for further approval;
2. The Executive Committee shall prepare our vision, business strategies and direction, business policies, targets, guidelines, operational plans and our annual budget, and shall present the same to the Board for approval;
3. The Executive Committee shall set up business policies and management authorization, shall approve our annual budget and comply with the business plan and strategy according to the policies and business model presented to the Board;
4. The Executive Committee shall efficiently oversee and monitor our operations in accordance with our management policies and guidelines as approved by the Board;

5. The Executive Committee shall approve matters or actions to be taken in the ordinary course of our business, so long as it is within the Board's approved budget, does not involve the incurring of liabilities or encumbrances exceeding Baht 1,000 million, and does not have a term of over five years (liabilities or encumbrances include project finance facilities granted to us);
6. The Executive Committee shall make the following reports on our results of operations:
 - » A quarterly report of our performance shall be submitted within the timeframe prescribed by the SET;
 - » An auditor's report in respect of our financial statements, including our annual and quarterly financial statements, shall be submitted within the timeframe prescribed by the SET; and
 - » Other reports deemed appropriate by the Executive Committee;
7. The Executive Committee shall perform any other activities as designated by the Board; Nevertheless, the Executive Committee shall not have the power to approve any transactions in which members of the Executive Committee or any other person may have a conflict of interest (as defined in the notification of the SEC) with the Company. In such event, the Executive Committee must present the transaction to the Board and/or the shareholders for approval in accordance with the relevant articles, notifications and laws.

» **Audit Committee**

The term of Directorship of the chairman and members of the Audit Committee is three years from the date of their appointment. Any retiring member of the Audit Committee may be re-elected. Where a Director's office in the Audit Committee is vacated by reason other than retirement, the Board shall elect a sufficiently qualified candidate to ensure that the requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time as the vacating Director was entitled to remain in office.

Scope of power, duties and responsibility of the Audit Committee

1. The Audit Committee shall ensure that our financial statements are complete and accurate;

2. The Audit Committee shall ensure that we have implemented appropriate and efficient internal controls and audit systems, and that the Internal Audit Bureau is independent. It shall also be responsible for the approval of the appointment, transfer or termination of the Chief of the Internal Audit Bureau, or any other unit responsible for internal audit;
3. The Audit Committee shall ensure that we comply with securities and exchange laws, regulations of the SET and laws relating to our business operations;
4. The Audit Committee shall recruit and nominate an independent third-party as our auditor, determine the auditor's fees and hold at least one meeting per year with the auditor, without the participation of the management;
5. The Audit Committee shall ensure that our connected transactions, or transactions that may result in conflicts of interest, are conducted in compliance with the law and rules of the SET, and shall ensure that such transactions are reasonable and in our best interests;
6. The report of the Audit Committee disclosed in the annual report of the Company will be signed by the Chairman of the Audit Committee and will consist of the following information:
 - » The opinion regarding the accuracy, completeness, and credibility of the financial statement.
 - » The opinion regarding the adequacy of the internal control of the Company.
 - » The opinion regarding the compliance of the Securities Act, regulations of the Stock Exchange of Thailand or the laws related to the business of the Company.
 - » The opinion regarding the appropriateness of the auditor.
 - » The opinion regarding the conflicts of interest.
 - » The number of meetings of the Audit Committee and the attendance of each auditor thereat.
 - » The opinion or the general remarks arising from the Audit Committee's compliance with the charter of the Audit Committee.
 - » Other transactions that the shareholders and investors should be informed about regarding the duties and responsibilities of the Board of Directors.

7. If the Audit Committee, in the course of their duties, finds or is suspicious of one of the following transactions or actions which has significantly affected our financial standing and operating results, the Audit Committee shall report such transaction or action to the Board such that the relevant rectifications can be made:

- » A transaction resulting in a conflict of interest;
- » Fraud or any major irregularity or defect in our internal control system; or
- » A violation of securities and exchange laws, regulations of the SET and the laws relating to our business.

If the Board or Management fails to rectify the problem within the time specified, any member of the Audit Committee may make a report to the SEC or the SET; and

8. The Audit Committee shall perform any other activities as designated by the Board with the Audit Committee's approval.

» The Nomination and Remuneration Committee

The term of membership of the chairman and members of the Nomination and Remuneration Committee is three years from the date of their appointment. Any retiring member of the Nomination and Remuneration Committee may be re-elected. In the event that a Director's office is vacated due to reasons other than retirement, the Board shall elect a sufficiently qualified candidate such that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

Scope of power, duties and responsibilities of the Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee shall review our business organization and the qualifications of our Directors and Chief Executive Officer in accordance with our business requirements;
2. The Nomination and Remuneration Committee shall nominate only persons whose qualifications are appropriate for holding office as Directors and our Chief Executive Officer, and shall set up transparent nomination criteria and procedures for such persons. The nominations shall be presented at a Board meeting and/or a shareholders' meeting for approval;

3. The Nomination and Remuneration Committee shall implement procedures and rules to ensure that fair and reasonable remuneration, both in cash and in kind, will be granted to our Directors and the Chief Executive Officer. The Nomination and Remuneration Committee shall propose such remuneration at a Board meeting and/or a shareholders' meeting for approval;

4. The Nomination and Remuneration Committee shall report to the Board on its performance and shall prepare a Nomination and Remuneration Committee's report which will be disclosed in our annual report. The report must be signed by the chairman of the Nomination and Remuneration Committee;

5. The Nomination and Remuneration Committee shall conduct performance evaluations and prepare an evaluation report for the Board; and

6. The Nomination and Remuneration Committee shall perform any other activities as designated by the Board.

» Risk Management Committee

The term of membership of the chairman and members of the Risk Management Committee is three years from the date of their appointment. Any retiring member of the Risk Management Committee may be re-elected. In the event that a Director's office is vacated due to reasons other than retirement, the Board shall elect a sufficiently qualified candidate such that the quorum requirements prescribed by the Board are met. The person so appointed shall remain in office for the same period of time that the vacating Director was entitled to remain in office.

Scope of power, duties and responsibilities of the Risk Management Committee

1. Before making management policy proposals to the Board for approval, the Risk Management Committee shall consider our risk management policies in light of changes in our business and circumstances;
2. The Risk Management Committee shall determine business strategies in accordance with our risk management policies;
3. The Risk Management Committee shall approve risk management indicators;
4. The Risk Management Committee shall monitor management's compliance with our risk management policies and control the efficiency of risk management;

5. The Risk Management Committee shall monitor the sufficiency of resources such as staff and systems for risk management;
6. The Risk Management Committee shall implement risk management procedures and rules for evaluating significant transactions before such transactions are presented to the Board and relevant committees for approval;
7. The Risk Management Committee shall monitor and report our risk status to the Board and the Audit Committee ;
8. The Risk Management Committee shall integrate corporate governance, risk management and legal compliance in order to achieve integrity-driven operations;
9. The Risk Management Committee shall set up a working team as may be appropriate; and
10. The Risk Management Committee shall perform any other activities as designated by the Board.

5.14 Professional Development of Directors and Executives

- » The Company promotes and facilitates training for professional development and with a view to training all relevant directors, including directors who are members of numerous Subcommittees, so as to continuously improve work operations.
- » The Corporate Secretary shall arrange for the preparation of a manual for the directors as well as the determination of rules relevant to the disclosure of information, background, securities holding proportion, changes to securities holding etc., which shall be submitted in the event of changes to the directors. The Corporate Secretary will, furthermore, invite the new directors to visit the Company's factory with a view to introducing them to the nature of the business as well as to the guidelines for business operations.
- » The Company requires that the Chief Executive Officer prepare a report on the plans for the development and succession of work which the Chief Executive Officer and Managing Director have prepared in the event that they are unable to perform such work themselves. The Company has put in place a structure for developing the Executives, whereby the Chief Executive Officer is assigned to give an annual report on the acts undertaken during the year, which will then be considered in conjunction with the plan for work succession.

5.15 Corporate Social Responsibility Policy

» Fair Business Operations

The Company places emphasis on conducting its business within the framework of fair and honest competition in compliance with the relevant laws and regulations, and has established the following practice guidelines. The Company shall:

1. Encourage its employees to recognize the importance of compliance with competition laws and the principles of fair competition;
2. Support various public policies which promote fair competition; and
3. Undertake acts in a manner which is compliant with competition laws and requirements, as well as cooperate with government officials

» Anti-corruption

The Company endeavors to conduct its business in a transparent manner, while adhering to principles of good corporate governance and taking into consideration the interests of the interested parties in all respects. It has established anti-corruption guidelines and also supports activities which promote and encourage the executives and employees to comply with the applicable laws and regulations, whereby the practice guidelines are as follows:

1. The Company must instill right practices, values and perspectives within its employees to comply with the rules and regulations in an honest manner;
2. The Company shall undertake steps to ensure that its internal control system is efficient,
3. and that the reviewing thereof and the balance of power is appropriate;
4. All directors, executives and employees of the Company are prohibited from undertaking any act which is deemed to be soliciting or accepting assets or any other benefits implied as motivation for performing their duties or refraining from the performance thereof in a dishonest manner;
5. All directors, executives and employees of the Company are prohibited from undertaking any act which is deemed to be the offering of assets or any other benefits implied as motivation for performing their duties or refraining from the performance thereof in a dishonest manner.

» **The Process for assessing the risk from corruption**

1. The internal audit and the risk management department recommend continuously monitoring and examining the accounts annually in accordance with the opinion of the Audit Committee and reporting material issues and suggestions to the Audit Committee.
2. The risk management department is responsible for continuous testing and risk assessment of corruption in order to implement anti-corruption measures effectively. These measures have to be reviewed regularly and the assessment results have to be reported to the Risk Management Committee and also to the Board of Directors regularly.
3. If it is found that the Company operations do not comply with the anti-corruption policy, the Audit Committee will report this to the Board of Directors to improve within the appropriate timeline.

» **Respecting human rights and fair treatment towards labor**

The Company's policy is to supervise and treat all employees fairly, whereby the Company shall not discriminate against individuals on the basis of similarities or differences in race, religion, sex, age or any other characteristics. Furthermore, the Company has a policy to strictly comply with the labour protection laws.

» **Community or social development**

The Company recognizes the importance of taking part in corporate social responsibility and has, therefore, continuously organized projects to help and develop society, and primarily focuses on donating funds and promoting education, supporting religion, and helping and attending community activities on occasions.

» **Environmental conservation**

1. The Company gives importance to the potential impacts of the manufacturing processes on the environment and its policy is to strictly comply with the applicable rules, regulations and standards with respect to the environment. In addition, the Company plans to promote ideas for making use of waste produced during the manufacturing process in order to increase their value.
2. The Company has a policy to educate and train employees in environment matters annually so that every level of employee understands the impact of pollution in all aspects and to teach good management policies to reduce cost, expense and environmental problems for the sustainable growth of the Company.

» **Innovations and the diffusion of innovations obtained from work operations involving responsibility towards society, the environment and interested parties**

The Company aims to support sugar cane farmers with a view to encouraging their progress and stability alongside the Company. The Company has therefore continuously organized research projects for furthering the potential of the sugar cane farmers.

» **Non violation of Intellectual Property Rights or Copyrights of others**

The Company has a policy of non-violation of Intellectual Property Rights or Copyrights, such as non-violation of computer crime laws, complying with copyrights of software in both work or in non-work related issues and complying with Intellectual Property Rights, Copyright law and related laws and regulations.



Corporate Social Responsibility Report for 2016

Throughout the 5 decades in integrated sugar business, KTIS group has consistently applied the good corporate governance policy and the corporate social responsibility (CSR) based on the stakeholders' benefits. The Company, as a community member, pays attention to the environmental surroundings of local communities by caring, engaging and creating shared value between business, community, society and good environment so that they can grow steadily, consistently and sustainably.

KTIS group has applied CSR in its production processes (in-process CSR) and adopted the principle of zero waste management for all production processes by recognizing the value of resources and utilizing them at best. Also giving priority to the eco-friendly process, recycling wastes to be more valuable by-products which will optimize existing resources at most benefits.

KTIS group's in-process CSR activities start from the development of the sugar cane quality, sharing the knowledge of successful sugar cane management to the contracted farmers through programs such as The cane farmers' school program, The village's fresh cane program



Sugar cane trashes collecting demonstration



Agricultural machinery demonstration and sugar cane breeding Lesson at Sustainable and Integrated Cane Farming Education Park



Demonstration of sugar cane planting by Shute Planter



Agricultural machinery demonstration at sugar cane field

(green and fire-free village), The village's rich soil program, and The integrated sugar cane farming educational park etc. These programs are designed to train the farmers about organic farming, chemical-free approaches, use of parasitic wasps for biological pest control, harvesting techniques, the benefits of green cane harvesting over burnt cane harvesting, ratoon caring for multiple cropping, trash tillage to enrich the soil and reduce the need for fertilizers.

KTIS group has also modified the advanced sugar cane farming techniques and agricultural machineries from Australia and applied to be suitable for Thai terrain and climate such as Sonic planters machinery, Shute planter machinery, Cultivating and fertilizer feeding machinery (CRB, MPI), cane harvesting machinery. Contracted farmers are encouraged to use these agricultural machines to reduce costs, increase productivity and solve labor shortage problem.

A movable dripping irrigation system has been developed by KTIS group to improve the efficiency of crop water management. The device has hose that can be reeled and moved to different areas of the cane field. This irrigation system contributes to optimize the usage

of valuable water resource. Additionally, in 2016 KTIS group signed memoranda of understanding (MOU) for The Groundwater Drilling Project with government section in order to service the sustainable and concrete solutions as drought management to provide cane farmers with sufficient water for personal and agriculture usage.

With the good quality, non-GMO and chemical residue-free sugar canes are processed through eco-friendly production; our sugar products are good quality, free of bleaching agent, and safe for consumption in compliance with international standards.

The Company continues to develop innovations that enhance its work processes for valuable contribution to the society and satisfy the needs of every customer segment. Last year KTIS group started producing the Japanese-standard liquid sucrose and super refined sugar production to serve the food and beverage industry and other clients for premium-grade sugar.

KTIS group has integrated CSR in its production processes (in-process CSR) and adopted the principle of zero waste management for all production processes. Recognizing the value of resources and the significance of effective resource utilization and eco-friendly processes, waste from the production processes is recycled and developed into valuable by-products. This contributes to optimized utilization of available resources and increases in prices of agricultural crops.

Molasses is one of the by-products from the sugar production and can be processed into ethanol which has multiple usages. Energy ethanol is blended with petrol to produce gasohol which is an alternative clean energy, reduces pollution, and decrease carbon emission which is a major cause of global warming. Industrial-grade ethanol is used as a cosmetic and pharmaceutical ingredient. Molasses is also used in the food industry as a raw material for the production of dark soy sauce, monosodium glutamate, animal feeds, etc.

Bagasse is another by-product from the sugar production process and can be used as a material for producing bleached pulp (100% bagasse) which is environmentally friendly and can save up to 32 million trees from being cut each year. As no chlorine (which causes cancer) is used in the pulp bleaching process, the Company's bleached bagasse pulp is the first pulp in Thailand that received the "GMP" and "HACCP" food safety accreditations. Food containers (molded pulp)

which are made of the bleached pulp (100% bagasse) are disposable and eco-friendly and are an alternative to foam containers. Bagasse is extracted into cellulose powder which is an ingredient for foods such as fiber cookies, healthy sausages and healthy ice cream.

Bagasse can also be used as fuel in biomass power plants to generate steam and electricity for the sugar plants and other factories of KTIS group. Excess electricity is sold to the Provincial Electricity Authority (PEA) and the Electricity Generating Authority of Thailand (EGAT) and thus is passed on to the people in provincial areas, helping them to have stable electricity in their household and for better standard of living. Besides, the biomass power which uses bagasse as feedstock is considered clean energy and can help reduce carbon emission.

Vinasse is a kind of waste derived from the ethanol production process. To optimize the resource utilization, vinasse is used in the production of biogas which is a fuel for ethanol plants.

Filter cake, sludge and vinasse, which are waste from the production process, contain valuable organic matters and can be converted into soil conditioner that is free of soil-degrading chemical residues and help improve the soil quality and the crop productivity. Through this cycle, the waste is utilized and the value is returned to cane farmers.

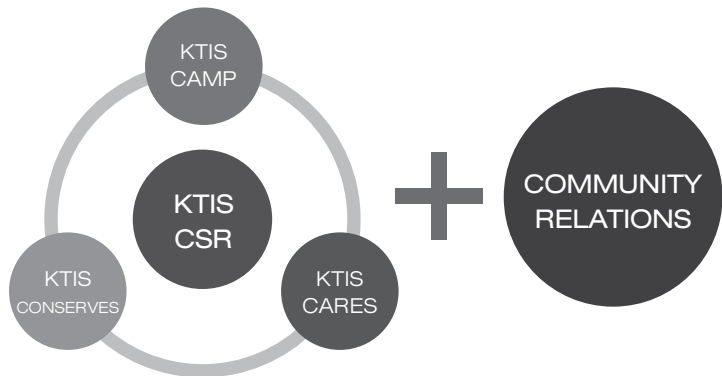
Amid globalization, new technologies, innovations and communication channels have emerged and the Company is committed to integrate these advancements into its CSR activities for the greater benefits of communities, the environment and all stakeholders, as well as to reduce costs and to minimize waste and unproductive processes.



Memorandum of Understanding (MOU) with Naresuan University

A major aspiration of the Company is to build a sphere of harmony in which the Company and communities can live together and grow in synchrony. In 2016, KTIS group signed memoranda of understanding (MOU) with several public organizations and educational institutes such as King Mongkut's University of Technology Thonburi, Chiangmai University, Naresuan University and Thailand Institute of Scientific and Technological Research to join forces in academic researches which vary by each entity's field of expertise but are common in its goal which is to develop Thailand's agricultural sector in alignment with the industrial revolution led by the government's policy of Thailand Industry 4.0. The aim is to develop innovations and technologies that improve the production efficiency and effectiveness of KTIS group and the crop productivity of KTIS group's contracted cane farmers.

In addition to the in-process CSR, KTIS group has continuously arranged after-process CSR activities to share knowledge, strengthen relationship between the organization and the local communities. This is driven by the ideology of "mutual growth of industry, environment and community" for the benefits of the society at last. In 2016, KTIS focused its CSR efforts on the youth, health and environmental development under the guiding principle of KTIS 3C+1 as illustrated below:



KTIS CAMP = Youth development

KTIS CARE = Health promotion

KTIS CONSERVE = Environmental protection

+1 = COMMUNITY RELATIONS



KTIS Group's Campaign against Child Labor in Production Process and Cane Farming

With regard to community relations, KTIS group continues to have good relationship with the local communities and regularly meet with community leaders. In addition, the group has organized and participated in a number of activities that help strengthen the relationship such as sports activities and community landscape improvement projects etc.



Students of Ban Had Sua Ten School of Uttaradit Province Participating in the Cane Farmers' School under Royal Initiative

Highlights of CSR Activities and Projects of KTIS

Farmers' School

KTIS group intends to promote sustainable development and growth through the education of farmers and thus has established a farmers' school project which is run on an ongoing basis to keep the farmers acquaint with new and emerging sugar cane farming techniques and approaches. The farmers' school is a forum for exchanging knowledge about soil preparation, demonstrating machinery utilization and periodic fertilization techniques by field experts. Learning is practiced in the sugar cane field so that the farmers will gain practical experience and share knowledge together.



Sugar Cane Farmers' School

Annual Fresh Sugar Cane Campaign

The annual fresh sugar cane campaign has been organized successfully for 15 years with the purpose to motivate the contracted farmers to harvest green sugar cane instead of burnt sugar cane. The farmers, who harvest green sugar canes to our factories, will receive awards. Another aim of the campaign is to promote awareness about the benefits of green sugar cane harvesting which include less environmental pollution, better soil surface for next crop season, and yield higher crop productivity. Last year, more than 20,000 contracted cane farmers attended the campaign.



Annual Fresh Cane Awards

ASEAN Excellent Camp by KTIS

Last year, KTIS group joined forces with Chaopraya University in arranging ASEAN Excellent Camp which had 102 young participants from 4 countries, namely Thailand, Vietnam, Laos and Cambodia. The purpose of the camp is to promote the youth's knowledge and awareness of their roles as good members of the ASEAN community, build desired characteristics, social harmony, unity and cultural exchange through creative learning processes. English language would be used for communication among the participating youth which prepared them for the AEC integration.



ASEAN Excellent Camp 2016 by KTIS

999 Trees Planting Projects to celebrate Mother's Day

This project of planting 999 trees is initiated to commemorate the 84th birthday anniversary of Her Majesty Queen Sirikit. KTIS group realizes that the abundance of trees and forests is important for water resources, clean air and rich soil which are essential elements for Thailand's agricultural success. This natural preservation is in line with the group's production of bagasse pulp which helps decrease the number of trees being cut down.



Planting of 999 Trees to celebrate Mother's Day

Corporate Environmental Governance

With its earnest commitment to effective pollution prevention and compliance with the laws, KTIS group has organized a corporate governance program for 3 consecutive years to provide the coordination activity opportunities for representatives from several sectors including manufacturers, community leaders, and school directors. Participants are provided with knowledge about production processes and site tours guided by factory engineers, make merit by releasing fish, have meals together and are given souvenirs.



In addition to the aforesaid activities, KTIS group has supported positive relationship and the well-being of residents in nearby communities such as:

- » Participated in The Anti-Drug Football Competition as part of the Company's involvement in the community's activities and aspiration to fight against drugs and encourage employees to spend their free time on beneficial activities.



Anti-Drug Football Competition

- » Improved the community landscape and cleaned temples in nearby areas.



- » Blood donation of employees and executives to hospitals.



- » Made donations in support of community development initiatives and celebration of special occasions such as the Children's Day.



- » Donated sugar to the Provincial Red Cross Fair under the Federation of Thai Industries activities



- » Volunteered for community services to promote the knowledge and health of community members.



For more information about our CSR activities and the sustainability report, please visit our website at www.ktisgroup.com.

Internal Control and Risk Management

KTIS group has applied the comprehensive internal control system under the principles of good Corporate Governance to control all operations so that they are transparent, fair, and reliable with the necessary balance of power for the maximization of the stakeholders' benefits. As an effective internal control system starts from good Corporate Governance, we have to be alert to all business risks in order to ensure the achievement of the business plan. KTIS group has established audit and control policies to be practiced by all operation levels

Our Audit Committee has assigned the Internal Audit Department to assess company's internal control systems according to the Annual Internal Control Assessment Form of The Office of the Securities and the Exchange Commission. In 2016, the Internal Audit Department found that the internal control systems were adequate to comply with such assessment form, thus submitted the reports to Audit Committee Meeting No. 5/2016 held on December 28th, 2016 and Board of Directors Meeting No. 1/2017 held on February 24th, 2017 for approval.

The Audit Committee and Board of Directors resolution considered that KTIS group's internal control systems were suitable for the current operations. Meanwhile, KTIS management also continuously supported the development of internal systems continuously by applying the principles and guidelines on internal control standards of The Committee of Sponsoring Organization of the Treadway Commission (COSO), drawn up in 2013 to ensure that all operations are able to achieve the objectives by summary as follows:

1. Organizational Control and Environment

KTIS group focuses on good organizational structure and environment that are the important foundation of effective internal as follows:

- » Establish clear policies, goals, and business direction that can be concretely assessed as the guidelines for operating and supervising the business to meet goals with regular monitoring.

- » Determine organizational structure facilitating operations efficiently, for example, separating the position of President from Chief Executive Officer for checks and balance as well as define that the company's directors shall consist of independent directors of not less than 1 of 3 directors and not less than 3 persons. Moreover, subsidiary committees are also established for considering, screening, and performing the operations as assigned by the company's directors.
- » Communicate the Corporate Governance Policy and Code of Conduct and Business Ethics as well as performance monitoring in order to build good awareness and realization on performance of duties.
- » Establish policies, and regulations in writing as well as determine job descriptions, work instructions, operating rules and regulations in writing covering suitable approval authority of each executive level

2. Risk Management

Since KTIS group is aware of both significant internal and external risk factors that may affect business operations, our company's Board of Directors have assigned the Risk Management Committee to perform and monitor the operations according to Risk Management Policy by drafting the Risk Management Handbook and assigning the Risk Management Department to support and promote all executives and employees to utilize risk management to achieve the business goals as well as to make effective action plans which are monitored and reported to the Risk Management Committee. In addition, our company group also has Event Risk action plans i.e. risks arising from the Sugarcane and Sugar Act amendment, annual natural risks such as drought and flooding effects on sugarcane and sugar productions, in order to prevent significant negative effects on business operations.

In 2016, the Risk Management Department held many workshops on organizational risk management in order to develop knowledge and understanding on identification of risk events and factors for effective action plans.

3. Management Control Activities

KTIS group pays attention on the importance of management control activities in each department, whereby the following actions are performed:

- » Clearly determine the scope of authority approval at each managing level in writing. Accounting Department and Internal Audit Department check and audit the correctness of documentation procedures as approved.
- » Specification the authority and functions under the good principles of internal control as: (1) approval persons, (2) accounting and information recording persons and (3) property and assets responsible persons for properly auditing.
- » To consider the approving of connected transactions, our company has to comply with the defined rules and regulations. For any significant transaction, the Audit Committee will deliberately check and give comments to be proposed to the Board of Directors for approval and disclosure in the company's annual report. The consideration on connected transactions has been carefully considered at the ultimate benefits of our organization.
- » Encourage all operation units to have Work Instructions in writing.
- » Establish working groups for monitoring and analyzing legal aspects in every business operations which have effects and preparing the action plans in order to reduce risks as well as drafting reports for the Risk Management Committee to consider the efficiency and effectiveness of such action plans.

4. Information and Communication

KTIS group focuses on the importance of careful performance based on the quality of sufficient information for making decisions as well as communication to related persons as follows:

- » Provide and prepare important information sufficiently and completely to executive managers and the company's directors for making decisions as well as invite responsible executives and related persons to clarify the important issues at the Board of Directors Meeting.
- » Compliance with the Accounting Standard as declared by the Federation of Accounting Professions for financial accounting systems and appropriateness for the company's business operation.

- » Completely keep and categorize all documents supporting accounting records as well as determine the duration of document storage as defined by law.
- » Perform the operations under the Computer-Related Offence Act by communicating to all employees for their knowledge and awareness of the subject matters and punishments under such act. Moreover, our company has also stored information on computer traffic according with the Notifications of the Ministry of Information and Communication Technology.
- » Provide information backup system under Disaster Recovery Plan (DRP) by preparing the work place and necessary computer devices for disaster situations.
- » Publish important information via our company's website (www.ktisgroup.com) on a complete and timely basis.

5. Monitoring

KTIS group pays close attention to the monitoring system in order to ensure that our operations and internal control system have been performed effectively and efficiently for achieving the defined goals as follows:

- » The company's directors attend the meetings for monitoring the management's performance and provide opinions and suggestions.
- » The Audit Committee holds joint meetings with Independent Auditors, Accounting personnel, and Internal Audit team to verify financial statements and the internal control system. Regularly monitors the improvements and reports important issues to the Board of Directors during every quarter.
- » The Risk Management Committee holds the meeting in every quarter to supervise and monitor the operations in compliance with the Risk Management Policy and Risk Management Handbook to ensure the organization's risk management is effective.
- » Nomination and Remuneration Committee holds the meetings to consider recruiting persons with appropriate qualifications for being appointed as the company's directors as well as to consider the remuneration of directors to be proposed to the Board of Directors and the Shareholders Meeting for approval.
- » The Internal Audit Department is able to audit and give opinions independently by reporting their performance to the Audit Committee directly and regularly for all quarters or reporting important issues once they have occurred.

- » The Audit Committee considers and approves the internal audit plans by applying the principles of risk assessment levels. When the Internal Audit Department finds any important defect, such defect will be reported to executives who are responsible for such activity immediately. In addition, the Audit Committee will present such report to the executive management for acknowledgement or additional explanation in order to ensure that the company will achieve its objectives effectively such as;
 - » Correctness and reliability of financial reports
 - » Compliance with rules and regulations of the company and government
 - » Sufficient and appropriate internal control system, efficient and effective performance, Property safety and operational goals achievement

Compliance

KTIS group assigns departments and units to be responsible for the compliance with the rules and regulations of the organization as follows:

- » CEO Bureau and Company Secretary responsible for ensuring that the KTIS group, company's directors, executive management and operation units comply with rules and regulations of listed companies and the company's rules and regulations as well as being the center for collecting and monitoring information on related rules and regulations communicating, providing knowledge and consulting service for the appropriate operations.

- » Internal Audit Department is responsible for evaluating the efficiency and sufficiency of the internal control system and auditing the operations throughout the organization as well as subsidiary companies.

Risk Management

The risk management has been organized and practiced to ensure that all key risk factors will not cause any impact or have minimal impact to the KTIS group business and operational objectives. The Board of Directors has assigned the Risk Management Committee to define the policies, revise and develop the scope of risk management continuously. The Risk management department has been assigned to set up the standard risk management system which is practiced thoroughly in KTIS group by utilizing the concept of COSO (The Committee of Sponsoring Organizations of the Treadway Commission). We have established the Operation Risk Management Teams to be responsible for taking action, collecting and revising risk information in order to ensure that all major risks are managed effectively including strategic risks, financial risks, legal risks and operating regulations related to business operations and reputation.

All key risk indicators has been regularly assessed and monitored based on the defined scopes and recorded the progressive risk reports by the Operation Risk Management Teams.

Report of the Audit Committee

The Audit Committee of Kaset Thai International Sugar Corporation Public Company Limited consists of 3 independent directors who possess suitable qualifications and professional experience in accounting, finance, economics, law, technology and business. In 2016, the Audit Committee consisted of Mr. Krairit Nilkuha, the Chairman of the Audit Committee, Mr. T-rayooth Changpetch and Mr. Sathaporn Kotheeranurak, members of the Audit Committee. All members of the Audit Committee do not hold any position as subsidiary companies' directors, have the necessary qualifications required by applicable laws or the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC), do not hold or hold less than 0.1% of KTIS shares, and do not related to management or are not the licensed auditor, consultant, business partner and group companies which are in compliance with the applicable laws or the rules and regulations of SET or SEC.

The Audit Committee has performed its assigned duties in accordance with the established scope of roles and responsibilities, which include the review of financial reports, connected transactions and internal audit. The Audit Committee is also in charge of promoting and encouraging the Company's compliance with best practices applicable to a listed company to foster good corporate governance and effective and efficient risk management and internal control systems.

In 2016, the Audit Committee held 5 meetings and a meeting with the auditors without the management present to independently discuss significant issues pertaining to the preparation of financial statements and the disclosure of information useful for the users of financial statements as well as to acknowledge the audit performance, audit findings, and problems and obstacles in the audit process. The significant details of duties and responsibilities are as follows:

1. Accuracy and Reliability of Financial Report

The Audit Committee reviewed the quarterly financial statements and the 2016 financial statements for the year ending 31 December 2016 jointly with the auditors

and the management prior to submission thereof to the Board of Directors for approval. No significant issues with the audit findings were identified by the auditors. The Audit Committee focused on reviewing accounting items with significant variants and adjustments, and the suitability and adequacy of disclosures to ensure appropriate, clear, adequate and timely presentation of the financial statements. Following the Audit Committee's review, it came to the conclusion that the financial reports prepared by the Company in 2016 were accurate, appropriate, adequate, and reliable and in accordance with generally accepted accounting standards.

2. Good Corporate Governance

The Board of Directors and the management aim to comply with good corporate governance principles to build the confidence of shareholders, investors and stakeholders. They also take into consideration the interests of all stakeholders and provide guidelines for anti-corruption efforts, including support for activities that encourage executives and employees to comply with laws and regulations, as well as implement the risk assessment process of anti-corruption throughout the organization.

3. Risk Management

The Audit Committee reviewed the Company's risk management performance to ensure that risks associated with the Company's operations have been appropriately managed, and that relevant risk factors have been appropriately, adequately and accurately identified as part of the internal audit framework. The Audit Committee viewed that the risk factors identified by the Company in 2016 were appropriate and the management successfully mitigated the risks.

4. Adequacy of Internal Control System

The Audit Committee regularly reviewed the adequacy of the internal control system in collaboration with the internal audit team and the auditors on a quarterly

basis. The Company followed-up, amended and developed according to recommendations made to the audit report and opinions of the auditor. The Audit Committee was of the opinion that the KTIS Group's internal control system was suitable for the current operations. Meanwhile, KTIS management also continuously supported the development of internal systems by applying the internal control standards of the Committee of the Sponsoring Organization of the Treadway Commission (COSO) to ensure that all operations were able to achieve the objectives of internal control; details are summarized in the annual information report (form 56-1) and annual report (form 56-2) of the Company in item 15 re: Internal Control.

5. Suitability of Transactions with Potential Conflicts of Interest

The Audit Committee considered that the potential conflicts of interest transaction by examining the related parties transactions which might create conflicts of interest and opined that the transactions executed in the year 2016 were the transaction for the Company's best interests having general trade conditions and normal prices and correctly and completely being disclosed in the financial statements in accordance with applicable requirements and guidelines stipulated by SET and SEC.

6. Compliance with rules and regulations of the SEC and the SET, and applicable legal requirements

The Audit Committee reviewed the Company's compliance with applicable laws in collaboration with the internal audit team and found no significant issues which indicated the Company's violation of any laws, rules regulations and requirements governing the Company's businesses.

7. Nomination of Auditors in 2017

The Audit Committee appointed auditor(s) to be the auditor(s) for the year 2017, by considering the independence, experience, expertise, sufficiency of personnel to render services to the Company, and reasonable audit fee compared to quantity of works. In addition, such auditors qualify according to the criterion of the Stock Exchange of Thailand, have no relationship with and/or interest in the Company/ its subsidiaries/ executives/ major shareholders or any person related to such persons whatsoever which would affect the performing of their duty with independency, and perform their duty appropriately in compliance with the Auditing Standard.

In addition, the Audit Committee evaluated its performance in 2016 against the Audit Committee's charter and best practices. The self-evaluation results indicated that the Audit Committee has dutifully undertaken its responsibilities as assigned by the Board of Directors through the exercise of its knowledge and capabilities with due care and independence in the best and equitable interests of all stakeholders. The Audit Committee has concluded that the Company has correctly prepared financial reports, implemented appropriate internal controls and risk management, complied with applicable laws, requirements and obligations, fully disclosed potential conflicts of interest and adhered to good corporate governance principles.



Mr. Krairit Nilkuha
Chairman of the Audit Committee

Related Parties Transactions

Related parties transactions

Related parties transactions as at 31 December 2015 and 31 December 2016 are summarized below:

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
1. S.I. Property Co., Ltd. ("S.I. Property") (Carrying on the business of leasing property)	<ul style="list-style-type: none"> S.I. Property has 4 common directors with the Company: <ol style="list-style-type: none"> Mr. Nathapun Siriviriyakul Mr. Pricha Attavipach Miss Chua Eng Eng Mr. Sirapak Siriviriyakul Related companies which hold shares of S.I. Property are: <ol style="list-style-type: none"> SuebSiriSawat Co., Ltd. and Aekphol Sugar Co., Ltd. 	Office Rental Expenses and Related Charges Office rental expenses, common area maintenance charges, electricity charges and other related service charges paid by TIS to S.I. Property. Accrued Expenses Accrued common area maintenance charge. Security Deposit Receivables Security deposit for the office space rent.	1,739,842.80	2,239,093.16	<ul style="list-style-type: none"> S.I. Property is the owner of 245.0 sq.m and 444.2 sq.m office spaces at Liberty Plaza Building, 11th Fl., Thonglor, Sukhumvit 55 Rd., Klongton-Nua, Wattana, Bangkok. The rental rate is approximately THB 230 per sq.m. The rental terms and conditions are in line with market rates and practices.
			4,349.73	-	
			398,758.00	398,758.00	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
2. Aekphol Sugar Co., Ltd. ("APS") (Currently carrying on the business of leasing property)	<ul style="list-style-type: none"> APS has 4 common directors with the Company: <ol style="list-style-type: none"> Mr. Apichart Noochprayoon Mr. Nathapun Siriviriyakul Mrs. Darat Vibhatakalasa Mr. Sirapak Siriviriyakul Related company which holds shares of APS is: <ol style="list-style-type: none"> Jaroon Hatai Ake Holding Co., Ltd. 	Office Rental Expenses and Related Charges Office rental expenses, common area maintenance charges, electricity charges and other related service charges paid by KTIS Group..	12,715,079.97	14,931,242.36	<ul style="list-style-type: none"> APS is the owner of the office building spaces located at 24 Vibhavadee-Rangsit Rd., Dindeang, Bangkok and on the 9-11 Fl. of its building located at 133 Vibhavadee-Rangsit Rd., Dindeang, Bangkok, which it leases out to the Company, TIS, EPC and EPPCO as their offices. The rental rates range from approximately THB 180 to THB 230 per sq.m. The rental terms and conditions are in line with market rates and practices. EPPCO has purchased a used Pick-up Truck for the convenience, efficiency and benefit for the business. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Accrued rental expense and related charges	147,784.75	128,177.26	
		Vehicle EPPCO purchased a Pick-up Truck.	-	100,000.00	
		Security Deposit Receivable Security deposit for the office space rent.	3,033,099.00	3,033,099.00	
3. Thas Thai Business Co., Ltd. ("TT") (In the business of operating and establishing petrol stations)	<ul style="list-style-type: none"> Related company which holds shares in TT is: <ol style="list-style-type: none"> Poompattana Business Co., Ltd. 	Purchase of Gasoline TT sold gasoline to the Company, TIS, EPC, EPPCO and KTBF	154,177,109.58	113,645,606.57	<ul style="list-style-type: none"> TT leased the area to be used as a gas station to facilitate and enhance the efficiency of business for KTIS group in purchasing gasoline to be used in business. Selling price, terms and conditions are in line with market rates and practices.
		Accounts Payable Accounts payable related to the purchase of gasoline by the Company, TIS, EPC and EPPCO from TT.	13,516,079.85	10,720,962.40	



KTIS
More Than Sugar

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
		Purchase of Vehicle Tyres TT sold vehicle tyres to the Company and TIS. Accounts Payable Accounts payable related to the purchase of vehicle tyres the Company and TIS from TT.	2,196,878.51	2,035,167.29	<ul style="list-style-type: none"> TT sold vehicle tyres to facilitate and enhance efficiency of business for KTIS group. Selling price, terms and conditions are in line with market rates and practices.
			940,758.00	1,891,301.00	
		Revenue from Land Lease The Company and TIS leased out land for TT to operate its gas stations, and receive land lease fee. Other Payable The Company and TIS received land lease fee in advance.	120,000.00	120,000.00	<ul style="list-style-type: none"> TT leased (1) land with a total area of 5 rai located at Nhong Po, Taklee, Nakornsawan near the factories of their companies and (2) land with a total area of 4 rai and 9 sq.wah located in Khung Tapao, Muang, Uttaradit near the factories of TIS in order to operate gas stations to facilitate and enhance business operation for KTIS Group. The lease fees, terms and conditions are more favorable than the market rates and practices. On 2 July 2012, the Company and TIS entered into a 30-year lease agreement with TT. Lease fee under the said agreement is THB 60,000 per year for each plot and the lease fee increase will be based on the 5-year average CPI during 2007 – 2011.
			29,917.80	29,917.80	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
4. TISS Co., Ltd. ("TISS") (Carrying on the business of exporting sugar)	<ul style="list-style-type: none"> TISS has 4 common directors with the Company: 1. Mr. Prasert Siriviriyakul 2. Mr. Nathapun Siriviriyakul 3. Mr. Apichart Noochprayoon 4. Mr. Sirapak Siriviriyakul Related companies hold shares in TISS are: 1. KTIS and 2. Aekphol Sugar Co., Ltd. 	Revenue from Sale of Materials The Company and TIS sold materials to TT. Other Receivable Accrued income of the Company from sale of materials.	1,067.86	1,812.59	<ul style="list-style-type: none"> The Company and TIS sold office waste and materials to facilitate and enhance business operation for TT. Selling price, terms and conditions are in line with market rates and practices.
		Export Expenses TISS handles the export of products produced by the Company and TIS. Most of the expenses are export agent fees, related fees, export documentation expenses and custom clearance fees. Accrued Expenses Accrued expenses of TIS for export fees and service provided by TISS.	32,786,049.63	20,266,391.41	<ul style="list-style-type: none"> Under the Sugarcane and Sugar Act, sugar mills are prohibited from exporting sugar themselves. Therefore, companies in KTIS group have to use export services of exporting companies such as TISS. In the sugar export process, the Company and its subsidiaries directly deal with their customers and TISS is responsible for handling cargo shipment and export documents only. Prices, fees, terms and conditions agreed with TISS are in line with the market rates and practices.
		Other Receivable Sugar export fee which TISS must pay to TCSC.	-	11,782.00	<ul style="list-style-type: none"> Under the Sugarcane and Sugar Act, sugar mills are required to sell 400,000 tons of raw sugar to TCSC for export at the price determined and delivered to foreign customers by TCSC. Fee to be paid to TCSC is in line with the market rates and practices.



KTIS
More Than Sugar

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
		Packing Credit			<ul style="list-style-type: none"> TISS secured the packing credit facilities from commercial banks on behalf of the Company and TIS. TISS will transfer funds under the packing credit facilities granted by commercial banks to the Company and TIS in exchange for promissory notes, as receipt evidence of transfer, bearing the same interest rates that the commercial banks charged to TISS. TISS received revenue from the sale of sugar from foreign buyers and during the repayment to KTIS.
		<ul style="list-style-type: none"> The Company and TIS obtained short-term credits from related companies. Interest expense Accrued interest payable 	-	-	
		Other Receivable	4,138,541.65	-	
		Revenue from sale of sugar export	-	-	
5. Siam P.P. International Co., Ltd. ("Siam PP") (Carrying on the business of producing and distributing lime)	<ul style="list-style-type: none"> Siam PP has 1 common director with the Company, namely Mr. Nathapun Siriviriyakul. Related companies hold shares in Siam PP is: <ol style="list-style-type: none"> Aekphol Sugar Co., Ltd. 	Lime Trading	80,522,610.44	62,394,889.52	<ul style="list-style-type: none"> Siam PP sold lime, a raw material used in the production of sugar and pulp, to the Company and EPPCO to facilitate and enhance efficiency of business. Selling price, terms and condition are in line with the Company's procurement manual.
		Accounts Payable	7,249,917.19	5,030,396.26	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
6. Ruamkij Angthong Warehouse Co., Ltd. ("Ruamkij") (Carrying on the business of leasing warehouses)	<ul style="list-style-type: none"> Ruamkij has 4 common directors with the Company: <ol style="list-style-type: none"> Mrs. Darat Vibhatakalasa Mr. Nathapun Siriviriyakul Mr. Apichart Noochprayoon Mr. Sirapak Siriviriyakul The Company's shareholder and related company which holds shares in Ruamkij is: <ol style="list-style-type: none"> Aekphol Sugar Co., Ltd 	Storage Service Fees The Company and TIS rented Ruamkij's warehouses	80,818,212.80	33,034,562.20	<ul style="list-style-type: none"> Ruamkij has 4 warehouses: (1) 1 warehouse at Pa Mok, Angthong and (2) 3 warehouses at Plakod, Angthong, for the purpose of sugar storage of KTIS group to facilitate and enhance efficiency of business. Rental prices, terms and conditions are in line with the market rates and practices. In addition to warehouse leasing, Ruamkij provided logistics service for the Company and its subsidiaries to facilitate and enhance efficiency of business. Prices, terms and conditions are in line with the market rates and practices. The Company sold packaging to Ruamkij to facilitate and enhance efficiency of business. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Accrued warehouse rental expenses of the Company and TIS payable to Ruamkij.	5,740,279.36	1,856,988.27	
		Logistics Service Fee Ruamkij provided logistics services to the Company and TIS.	117,623,518.36	113,501,608.25	
		Accrued Expenses Accrued logistics service fees of the Company and TIS payable to Ruamkij.	7,160,679.73	2,843,110.85	
		Other Revenue Packaging.	-	2,985.98	



Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
7. RuamToon Warehouse Nakornsawan Co., Ltd. ("RuamToon") (Carrying on the business of leasing warehouses)	<ul style="list-style-type: none"> RuamToon has 1 common director with the Company, namely Mr. Prasert Siriviriyakul The Company's shareholders and related companies hold shares in RuamToon are: <ol style="list-style-type: none"> Jaroon Hatai Ake Holding Co., Ltd. Aekphol Sugar Co., Ltd. 	Storage Service Fees The Company and TIS rent Ruamkij's warehouses. Accrued Expenses Accrued warehouse rental expenses of the Company and TIS payable to RuamToon.	47,758,015.26 2,260,785.28	26,443,344.12 538,412.30	<ul style="list-style-type: none"> The warehouses were rented by KTIS Group from Ruamkij for the purpose of sugar storage to facilitate and enhance the efficiency of business. Rental prices, terms and conditions are in line with the market rates and practices In addition to warehouse leasing, RuamToon provides logistics services for the Company and its subsidiaries to facilitate and enhance the efficiency of business. Prices, terms and conditions are in line with the market rates and practices. RuamToon has purchased sugar from wet deposits from TIS. Prices and trading conditions, according to market prices and trading conditions. TIS sold packaging to RuamToon to facilitate and enhance the efficiency of business for RuamToon. Prices, terms and conditions are in line with the market rates and practices.
		Logistics Service Fee RuamToon provides logistics services to the Company and TIS.	20,866,680.52	11,502,758.87	
		Accrued Expenses Accrued logistics service fees of the Company and TIS payable to RuamToon.	1,786,265.30	806,071.84	
		Revenue from sales sugar	817,552.80	-	
		Other Revenue Packaging	-	3,745.00	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
8. K.T.S Industry Co., Ltd. ("KTSI") (Carrying on the business of construction and engineering works)	<ul style="list-style-type: none"> Mr. Pongpop Popvipak, a director and major shareholder of KTSI, has the authority to control the Company. 	<p>Expenses on Plant Maintenance Services and Spare Parts</p> <p>The Company, TIS, EPC and EPPCO engaged KTSI as a provider of repair and maintenance services for production plants, machinery and spare parts. Most expenses are service fees for the repair and maintenance of machines and equipment, including the cost of spare parts.</p> <p>Revenue from Sale of Materials</p> <p>KTSI made payments for materials, welding wires and gas sold by the Company, TIS, EPPCO and EPC.</p>	-	-	<ul style="list-style-type: none"> The Company and its subsidiaries engaged KTSI as a provider of repair and maintenance services for production plants, machinery and spare parts for convenience, quality and standard of work as well as to enhance efficiency of the business operation. The scope of services and service fees have been studied and compared by the procurement department to other service providers and it was found that KTSI offered the lowest prices on equivalent terms and conditions compared to other companies in the market. The Company sold materials, welding wires and gas to KTSI for the repair and maintenance of our production facilities for convenience, promptness and quality of work. The selling prices were marked up by 7.0% from the costs, which are under the same conditions as all maintenance service providers and contractors. Terms and conditions of procurements and maintenance of KTIS group are in line with the Company's procurement manual.



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
		Assets of Biomass Power Plant KTBP engaged KTSI in the machinery installation of the 60MW biomass power plant for the total price of THB 50,000,000.	-	-	<ul style="list-style-type: none"> KTBP engaged KTSI in the machinery installation of the 60MW biomass power plant for the total price of THB 50,000,000. The power plant has been in commercial operation since 7 October 2013. The price, terms and conditions of the transaction are in line with the market rates and practices and in accordance with the procurement manual, approved by the Audit Committee to be implemented.
		Other Goods EPPCO purchased factory construction materials from KTSI. Trade Receivable Expense payable to EPPCO for the construction of steam transformer equipment.	- 2,140,000.00	- -	<ul style="list-style-type: none"> EPPCO purchased bricks from KTSI for the benefit of its business operation. Prices, terms and conditions are in line with market rates and practices. KTSI contracted EPPCO for the construction of steam transformer equipment for KTSI's biomass power plant for the benefit of business operation. Prices, terms and conditions are in line with market rates and practice.
9. Thai Wisanu Nakornsawan Co., Ltd. ("Thai Wisanu") (Carrying on the hotel business)	<ul style="list-style-type: none"> Thai Wisanu has 4 common directors with the Company: <ol style="list-style-type: none"> Mr. Parphan Siriviriyakul Mrs. Darat Vibhatakalasa Mr. Prasert Siriviriyakul Mr. Nathapun Siriviriyakul Related companies hold shares in Thai Wisanu is: <ol style="list-style-type: none"> Jaroon Hatai Ake Holding Co., Ltd 	Hotel Fees The Company and TIS have occasionally used accommodations and services from the hotel. Accrued Expenses Fees for hotel rooms and services payable by the Company and TIS to Thai Wisanu.	622,090.41	1,591,281.64	<ul style="list-style-type: none"> Thai Wisanu is the owner of Grand Wisanu Plaza Hotel located at 26-28 Attakawe road, Muang, Nakornsawan which KTIS group have occasionally rented as accommodations, meeting venue, seminar for KTIS group's employees or as the place to hold activities which are beneficial to business. Prices, terms and condition are in line with market rates and practice.
			84,200.00	3,200.00	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
10. Weswisanu Co., Ltd. ("Weswisanu") (Carrying on the business of leasing a dormitory)	<ul style="list-style-type: none"> Related company which holds shares in Weswisanu is: 1. Hatai Jaroon Ake Holding Co., Ltd. 	<p>Employee Dormitory Rent EPC and EPPCO have rented Weswisanu's dormitory for their employees.</p> <p>Accrued Expenses Accrued expenses of EPC and EPPCO payable to Weswisanu for employee dormitory rent.</p>	5,391,437.50	4,277,752.00	<ul style="list-style-type: none"> The Company and its subsidiaries rented dormitory for their employees from Weswisanu who is the owner of the dormitory located in Nhong Po, Taklee, Nakornsawan, near the EPC and EPPCO factories in order to facilitate the employees and executive level officers of the Company, and business operation of the Company and its subsidiaries. Rental rate is THB 3,000 per room per month which is the market rate in such area. The rent charged by Weswisanu, considering its return on assets, is not higher than other companies' rental rates in the dormitory rental business.
11. K.T.S. Enterprise and Trading Co., Ltd. ("KTSE") (Carrying on the business of producing and distributing machinery and equipment)	<ul style="list-style-type: none"> Mr. Pongpop Popvipak, a director and major shareholder of KTSE, has the authority to control the Company. 	<p>Assets of Biomass Power Plant KTBP purchased machinery and equipment for the 60MW biomass power plant from KTSE at the total price of THB 421,524,889.</p> <p>Accounts Payable Retention bond associated with the purchase of machinery and equipment for the 60MW biomass power plant from KTSE.</p>	-	-	



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
12. SuebSiriSawat Co., Ltd. ("SuebSiri Sawat") (Carrying on the business of selling, purchasing and leasing property) business)	<ul style="list-style-type: none"> Related company which holds shares in SuebSiriSawat is: 1. Jaroon Hatai Ake Holding Co., Ltd. 	<p>Land Lease Expense EPC paid the land lease fees to SuebSiri Sawat.</p> <p>Prepaid Lease Fees Prepayment of the land lease fees</p>	200,000.00 99,726.03	200,093.03 100,000.00	<ul style="list-style-type: none"> EPC leases the land of 48 rai and 44 sq. wah in Nhong Po, Taklee, Nakornsawan, from SuebSiriSawat for to use as a pathway to EPC's plant. The price, terms and conditions are more favorable for EPC than the market rates and conditions. On 2 July 2012, EPC entered into a 30-year lease agreement with SuebSiriSawat. Lease fee under the said agreement is THB 200,000 per year and the lease fee increase will be based on the 5-year average CPI during 2007 – 2011. The right to renew the lease agreement for another 30-year term is also offered.
13. RuamToon Trading Nakornsawan Co., Ltd. ("RuamToon Trading Nakornsawan") (Carrying on the business of product transportation)	<ul style="list-style-type: none"> RuamToon Trading has 1 common director with the Company, namely: 1. Mr. Prasert Sirviriyakul. Related company which holds shares in RuamToon Trading Nakornsawan is: 1. Jaroon Hatai Ake Holding Co., Ltd. 	<p>Sugar Transportation Cost TIS engaged Ruam Toon Trading Nakornsawan in the transportation of sugar to the warehouses.</p> <p>Accrued Transportation Expenses Sugar transportation expenses</p> <p>Other Revenue Compensation for damage to goods (sugar) paid to TIS and material expenses.</p> <p>Guaratee payment – Transportation Costs Cost to guarantee the payment of compensation for damages during the transportation.</p>	15,804,863.57 1,797,574.89 34,442.67 1,071,700.00	4,896,879.88 48,164.47 12,710.28 197,517.79	<ul style="list-style-type: none"> Company and TIS engaged RuamToon Trading Nakornsawan in the transportation of sugar to the warehouses for the convenience and efficiency of business operation. Prices, terms and conditions are in line with the market rates and practices. The Company shall deduct a transportation guarantee payment worth 10% of the transportation cost to guarantee the payment of compensation for damage during the transportation. The transportation guarantee payment shall be returned after the delivery of goods to the destination.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
14. Siri Charoen Export Co., Ltd. ("Siri Charoen") (Carrying on the trading business and other business)	<ul style="list-style-type: none"> Siri Charoen has 1 common director with the Company, namely: 1. Mr. Sirapak Siriviriyakul Director and related party which holds shares in Siri Charoen is: Mr. Sirapak Siriviriyakul Related companies which hold shares in Siri Charoen are: 1. Jaroen Hatai Ake Holding Co.,Ltd and 2. Akephol Co.,Ltd.,namely Mr. Sirapak Siriviriyakul 	Loan Payable from Restructured Debts <ul style="list-style-type: none"> TIS owed debts from loan SiriCharoen Interest expense Accrued interest payable 	87,300,000.00 362,295.00 627,977,323.56	82,450,000.00 342,167.50 598,319,491.06	<ul style="list-style-type: none"> In the past, TIS owed money to financial institutions. From 2007 to 2008, as part of TIS's debt restructuring process, Siri Charoen, which has Mrs. Nowarat Wangpredalertkul, APS, and Mr. Montree Lekvichittada as major shareholders with shareholdings of 62.5%, 25.0% and 12.4% respectively, acquired all of TIS's debts from the financial institutions. TIS and Siri Charoen entered into a debt restructuring contract, effective on 1 May 2013, which is the date that the bankruptcy court ordered TIS to exit the business rehabilitation plan, whereby TIS must repay its outstanding principal and interest according to the 20-year installment repayment schedule. The interest charged by Siri Charoen on the outstanding and accrued interest is equal to the average savings deposit interest rates of 3 banks, namely KASIKORN Bank Public Company Limited, Bangkok Bank Public Company Limited, and Krung Thai Bank Public Company Limited.



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
					<ul style="list-style-type: none"> • In this regard, such debt restructuring contract was disclosed in Chapter 2, Section 13.5 of the debt restructuring contract. • On 25 December 2013, TIS and Siri Charoen agreed to amend the debt restructuring contract. Under the amended debt restructuring contract which has been effective since 31 December 2013, TIS agreed to pay the outstanding debts which include the principal of THB 97,000,000 and the accrued interest of THB 687,156,121.56 to Siri Charoen. The Company views that such amendment is favorable for the Company and will reduce TIS's future debt repayment burden. (Please refer to the details of the amendment in Chapter 2, Section 13.5 of the debt restructuring contract).

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
15. Ruampol Enterprise Co., Ltd ("RPE") (Carrying on the trading business and other business.)	<ul style="list-style-type: none"> RPE has 6 common directors with the Company: <ol style="list-style-type: none"> Mr. Parphan Siriviriyakul Mr. Prasert Siriviriyakul Mr. Nathapun Siriviriyakul Mr. Sirivuthi Siamphakdee Mrs. Darat Vibhatakalasa Mr. Sirapak Siriviriyakul The Company's shareholders and related companies which hold shares in RPE are: <ol style="list-style-type: none"> Siricharoen Export Co.,Ltd and Jaroon Hatai Ake Holding Co.,Ltd 	<p>Purchase of Sugar and Molasses The Company, TIS and EPC purchased sugar and molasses from RPE.</p> <p>Accounts Payable Accounts payable associated with the purchase of sugar and molasses</p>	-	-	<ul style="list-style-type: none"> Purchases of sugar and molasses can be divided into: <ol style="list-style-type: none"> Purchase of sugar and molasses by the Company and TIS from RPE at the market price, terms and conditions under the RPE's sugar and molasses stock clearance. On 8 May 2013, RPE had Quota A sugar of approximately 5,269,400 kgs. in stock and the Company purchased the sugar at the market price of THB 20.33 per kg. as announced by the Department of Internal Trade, Ministry of Commerce (inclusive of VAT or THB 19.00 per kg. exclusive of VAT). After the deduction of the contribution to the Sugar Cane and Sugar Fund at THB 5.7196 per kg. and the storage cost of THB 0.45 per kg. (calculated from the storage cost of THB 0.15 per kg. per month over a storage period of 3 months), the amount to be paid in total was approximately THB 67,608,509.76. The payment was scheduled to be made by June 2013. <p>The transaction was a result of RPE's leasing out of its sugar factories to the Company from 15 August 2012 and the transfer of related licenses to the Company on 27 February 2013. Hence, RPE was unable to sell its sugar itself.</p>



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
					2. EPC purchased molasses from RPE for its ethanol production at the selling price which was in line with the Company's internal policies. Such purchase was part of RPE's molasses stock clearance. The Company established a policy to prevent the re-occurrence of such transaction, effective from 1 January 2013.
		Accounts Payable Cost of fertilizers and pesticides	-	-	<ul style="list-style-type: none"> As RPE has leased out all of its sugar factories to the Company since 15 August 2012 onwards, RPE sold its remaining fertilizers and pesticides to the Company at book value.
		Accounts Payable Cost of factory equipment	-	-	<ul style="list-style-type: none"> As RPE has leased out all of its sugar factories to the Company since 15 August 2012 onwards, RPE sold its remaining factory equipment to the Company at book value.
		Land Lease Expenses KTIS payment of the land lease fees Security Deposit Receivable – Factory Lease Fees Rental deposit for land and machinery of sugar factories. Prepaid Expenses Prepayment of the land, factory and machinery lease fees	5,300,000.00	5,300,000.00	<ul style="list-style-type: none"> The Company leased land from RPE, with a total area of 173 rai, 95.9 sq. wah., located at Ban Ma Glua, Muang, Nakornsawan, which was part of the lease of sugar factories from RPE for the Company's business operation. The land lease agreement was made on 16 July 2012 at the lease fee of THB 5,300,000 per year, increasing every 5 years based on the 5-year average CPI, but not exceeding 20% of the prior year's lease fee rate.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
		Debts under Financial Lease Debts under financial lease for building and machinery	812,307,175.14	805,960,964.41	<ul style="list-style-type: none"> The land lease agreement has the term of 30 years and can be renewed for another 30 years. The rate of the lease fee was in line with the appraisal prices conducted by 2 independent appraisers which are Knight Frank Charter (Thailand) Co., Ltd. on 8 May 2012 and Sallmanns (FarEast) Limited on 21 May 2012.
		Accrued interest payable Interest payable on finance leases.	33,507,670.95	33,245,889.76	
		Financial Costs Interest expenses under financial lease for building and machinery	89,746,854.10	89,092,008.08	
		Land Lease Expenses KTIS leased land	-	412,400.00	<ul style="list-style-type: none"> The Company leased the land from RPE for its business operation. The price, terms and conditions are in line with the market rates and conditions.
		Accrued expenses Costs payable from KTIS leased land.	-	-	
		Prepaid Lease Fees Prepayment of the land lease fees	-	-	
16. SiriCharoen Sapruiwan Co., Ltd. ("SSPW") (Carrying on the business of operating hotels and resorts)	<ul style="list-style-type: none"> SSPW has 3 common directors with the Company: <ol style="list-style-type: none"> Mr. Pricha Attavipach Miss Chua EngEng Mr. Sirapak Siriviriyakul The Company's shareholder and related company which holds shares in SSPW is: <ol style="list-style-type: none"> Aekphol Sugar Co., Ltd. 	Resort Fees Accommodation fees for rooms and services	553,638.70	18,450.00	<ul style="list-style-type: none"> KTIS group has rented the resort from SSPW which is the owner of a resort located at 1/79, Moo 2, Kaengsopha, Wangthong, Phitsanulok as accommodation, meeting venue, and seminar venue for KTIS group's employees or as a place to provide hospitality for visitors and hold activities which are beneficial to business. The price, terms and conditions are in line with the market rates and conditions.
		Accrued Expenses Accrued expenses of accommodation fees for rooms and services	-	-	



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
17. Nakornsawan Ruamtoonpattana Co., Ltd ("Nakornsawan Ruamtoonpattana") (Carrying on the business of product transportation)	<ul style="list-style-type: none"> Nakornsawan Ruamtoonpattana has 1 common director with the Company, namely: 1. Mr. Prasert Siriviriyakul. The Company's shareholder and related company which holds shares in Nakornsawan Ruamtoonpattana is: 1. Jaroen Hatai Ake Holding Co., Ltd. 	<p>Sugar Transportation Cost TIS engaged Nakornsawan Ruamtoonpattana transport sugar to the warehouses.</p> <p>Accrued Transportation Expenses Sugar transportation expenses</p> <p>Other Revenue Compensation for damage of goods (sugar) and material expenses.</p>	<p>11,428,621.89</p> <p>1,612,719.31</p> <p>33,196.43</p>	<p>4,528,722.91</p> <p>48,164.47</p> <p>13,644.86</p>	<ul style="list-style-type: none"> TIS engaged Nakornsawan Ruamtoonpattana to transport sugar to the warehouses for the convenience, efficiency and benefit of business. Prices, terms and conditions are in line with the market rates and practices.
18. Poomlert Business Co., Ltd ("PB") (Carrying on the business of leasing agricultural machinery).	<ul style="list-style-type: none"> Poomlert Business has 1 common director with the Company, namely: 1. Mr. Sirapak Siriviriyakul The Company's shareholder and related company which holds shares in PB is: 1. Ruampol Enterprise Co., Ltd 	<p>Sugarcane trash baler machine Lease Expenses KTIS and TIS rented a sugarcane trash baler machine.</p> <p>Accrued expenses Rental fees for sugarcane trash baler machine.</p> <p>Agricultural Machinery KTIS and TIS purchased a sugarcane trash baler machine from PB.</p>	<p>3,000,000.00</p> <p>-</p> <p>-</p>	<p>3,000,000.00</p> <p>-</p> <p>22,037,383.17</p>	<ul style="list-style-type: none"> KTIS and TIS have rented a sugarcane trash baler machine for milling the sugarcane leaves used as a fuel additive for the convenience, efficiency and benefit of business. Prices, terms and conditions are in line with the market rates and practices. Rental rates per set at THB 1,000,000 per 1 production season, or 120 days, calculated from the depreciation incurred in the first year. KTIS and TIS purchased a sugarcane trash baler machine for milling sugarcane leaves used as a fuel additive for the convenience, efficiency and benefit of business. Prices, terms and conditions are in line with the market rates and practices.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
19. PoomPattana Business Co., Ltd. ("PP") (Carrying on the business of leasing property)	<ul style="list-style-type: none"> The Company's shareholder and related company which holds shares in PP is: 1. Jaroen Hatai Ake Holding Co., Ltd. 	Land Lease Expenses KTIS, TIS, EPC, EPPCO and KTF leased land.	6,616.44	6,041,928.04	<ul style="list-style-type: none"> KTF has leased the land from PP on which to carry out the construction of a fertilizer plant and operation area for the benefit of business operation. KTIS and TIS have leased the land from PP to grow the sugar cane and exploit it for its business operation. EPPCO has leased 35 plots of land from PP with the area of approximately 459-0-87.3 rai for waste water management and slough. EPC has leased 35 plots of land from PP with the area of approximately 965 rai for waste water management. Prices, terms and conditions are in line with the market rates and practices.
		Accrued expenses Costs payable from KTF leased land.	6,616.44	-	
		Prepaid Expenses Prepayment of the land lease fees	-	-	
20. Agro Ethanol Co.,Ltd ("Agro Ethanol") (Carrying on the business of investing in property)	<ul style="list-style-type: none"> Agro Ethanol has 1 common director with the Company, namely: 1. Mr. Sirapak Siriviriyakul Related company which holds shares in Agro Ethanol is: 1. Aekphol Sugar Co., Ltd. 	Land Lease Expenses KTIS and EPPCO leased land.	-	293,760.00	<ul style="list-style-type: none"> KTIS has leased the land from Agro Ethanol to grow the sugar cane and exploit it for its business operation. EPPCO has leased the land from Agro Ethanol for use as an operation area for its business operation. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Costs payable from leased land.	-	-	
		Prepaid Expenses Prepayment of the land lease fees.	-	-	



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Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			December 31, 2015	December 31, 2016	
21. R&W Co., Ltd. ("R&W") (Carrying on the business of trading in vehicular products)	<ul style="list-style-type: none"> Related person who is a director in R&W is: 1. Mrs. Sirivan Siriviriyakul, wife to director, Mr. Parphan Siriviriyakul. 	Vehicle KTIS purchased cars and tractors.	-	150,000.00	<ul style="list-style-type: none"> KTIS has purchased used cars and tractors for the convenience, efficiency and benefit of business. Prices, terms and conditions are in line with the market rates and practices. TIS purchased the used vehicles for the convenience, efficiency and benefit of business. Prices, terms and conditions are in line with the market rates and practices.
		Other Expenses Payable Other expenses payable related to the purchase of cars and tractors by the company from R&W.	-	-	
		Material TIS purchased materials.	-	7,600.00	
22. EPC Power Co., Ltd ("EPC Power") (Carrying on the business of investing in the real estate)	<ul style="list-style-type: none"> EPC Power has 1 common director with the Company, namely: 1. Mr. Sirapak Siriviriyakul Related company which holds shares in EPC Power is: 1. Aekphol Sugar Co., Ltd. 	Land Lease Expenses KTIS and EPC leased land.	-	182,400.00	<ul style="list-style-type: none"> KTIS has leased the land from EPC Power to grow sugar cane. EPC has leased the land from EPC Power for the benefit of managing the waste water and for its business operation. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Costs payable from leased land.	-	-	
		Prepaid Expenses Prepayment of the land lease fees.	-	-	
23. Kaset Thai Sugar Co., Ltd ("KT") (Carrying on the trading business and other business.)	<ul style="list-style-type: none"> Related companies hold shares in KT are: Aekphol Sugar Co., Ltd. and RuamkijAnghong Warehouse Co., Ltd. 	Land Lease Expenses Land Lease Expenses.	-	1,920.00	<ul style="list-style-type: none"> KTIS has leased the land from KT to grow the sugar cane. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Costs payable from leased land.	-	-	

Conclusions relating to the related party transactions

After having thoroughly considered all the connected transactions for the financial year ending December 31, 2016, as well as having obtained information from the management and verified the information specified in the notes to the financial statements, the audit committee, at audit committee meeting, no. 1/2017 held on February 24, 2017, concluded that the connected transactions were conducted in the ordinary course of business. The transactions were also deemed to be conducted on an arm's length basis. There was also no transfer or diversion of interests between the Company and persons who may have conflicts of interests.

The approval procedure for related party transactions

Our policy and procedures for related party transactions with persons who may have conflicts of interests are summarized as follows:

we shall abide by all principles and procedures as provided in the Securities Act, the Notification of Capital Market Supervisory Board, ref. Tor.Jor. 21/2551 (A.D. 2008) on related party transaction principle, the Notification of the Board of Governors of the Stock Exchange of Thailand on the disclosure of information and other acts of listed companies concerning related party transactions, relevant rules of the Securities and Exchange Commission and the Stock Exchange of Thailand and the provisions on disclosure of related party transactions in notes to audited financial statements and annual registration statements (56-1).

The audit committee shall evaluate any transaction for which prior approval from the board of directors or shareholders is required by law. The audit committee's opinions will be presented at the board and shareholders meetings. This ensures that we will only enter into transactions which are in our best interests.

In the event that other parties in proposed related transactions may face conflicts of interests, the audit committee will provide an opinion on the necessity of entering into the transaction, on whether the terms and the prices have been offered according to industry practice and how they compare to terms offered by other vendors. In

addition, where required, we may appoint an independent specialist to provide an opinion on the transaction. Directors with vested interests in the transactions will be precluded from voting and such transactions must be disclosed in the notes to the audited financial statements.

As a rule, the management is authorized to approve transactions if their trading terms and conditions were determined on an arm's length basis. We will be issuing a summary report on transactions with total values in excess of Baht 5,000,000, at our next board meeting.

Our policy towards future related party transactions

All related party transactions shall only be carried out in accordance with all applicable rules and principles of the Stock Exchange of Thailand and the Securities and Exchange Commission.

We will continue to strictly observe and abide by the aforementioned policy and procedures for related party transactions. The audit committee provides guidance on the approval of related party transactions. It will consider the necessity of a transaction for our business operations and compare it against prices and terms offered by other vendors, if any. The audit committee will also take into account the size of the transaction.

If the audit committee does not specialize in a particular kind of transaction, we will appoint persons with the requisite skills and knowledge to provide their opinions on the transaction. Such persons may be independent auditors or real estate appraisers whose opinions will facilitate the decision making processes of our board of directors or shareholders, ensure that the transaction does not involve a transfer or diversion of interests between companies within KTIS group or among our shareholders, and that shareholders' interests are protected.

If the audit committee does not specialize in a particular kind of transaction, we will appoint persons with the requisite skills and knowledge to provide their opinions on the transaction. Such persons may be independent auditors or real estate appraisers whose opinions will facilitate the decision making processes of our board of directors or shareholders, ensure that the transaction does not involve a transfer or diversion of interests between companies within KTIS group or among our shareholders, and that shareholders' interests are protected.

Management Discussion and Analysis

Business performance summary in 2016

Total revenue consists of sales and services revenues and other income. The Company and its subsidiaries' total revenues in 2016 was Baht 15,086.6 million, decreased Baht 4,357.3 million or 22.4% from 2015 which was Baht 19,443.9 million due to lower revenue from sales and services and other income.

Sales and services revenues in 2016 was Baht 15,005.6 million, decreased 22.4% from 2015 which was Baht 19,328.2 million. Since the drought from previous year caused lower quantity of canes for sugar production in 2016 and also impacted its downstream business raw materials. Details were as follows;

	Production Year	2014/2015	2015/2016	
Thailand	Sugar cane volume	106.0	94.0	Million tons
	Sugar	113.0	97.8	Million bags (100 kg per bag)
	Molasses	4.6	4.3	Million tons
The Company	Sugar cane volume	9.8	7.5	Million tons
	Sugar	9.9	7.2	Million bags (100 kg per bag)
	Molasses	0.5	0.4	Million tons

Source: Office of the Cane and Sugar Board.

- In 2016, Revenues from sugar business decreased 26.1% due to the sale volumes of sugar and molasses decreased while selling prices increased.
- In 2016, Revenues from bagasse bleached pulp decreased 31.4% due to both domestic and export sale volumes decreased while selling price increased.
- In 2016, Revenues from ethanol business slightly decreased 0.3% due to the selling price decreased while sale volume increased.
- In 2016, Revenues from electricity increased 30.0% due to longer selling period of Kaset Thai Bio Power and Q2/2016 Thai Ekaluck Power started to sell commercially while the selling price per unit decreased.
- In 2016, Revenues from others i.e. agricultural machinery services etc. decreased 13.0%.

Other income in 2016 was Baht 81.0 million, decreased Baht 34.7 million or 30.0% from 2015 which was Baht 115.7 million,

Cost of sales and services in 2016 was Baht 12,168.7 million, decreased Baht 2,685.4 million or 18.1% from 2015 which was Baht 14,854.2 million. This was decrease in proportion with the Sales and services revenues

Selling and administrative expenses in 2016 was Baht 2,871.7 million, decreased Baht 490.5 million or 14.6% , from 2015 which was Baht 3,362.2 million. These were resulted from the decrease in storage expenses, export expenses and transportation expenses of sugar and bagasse bleached pulp

The loss on foreign exchange rate in 2016 was Baht 117.6 million, compared with 2015 which was Baht 172.9 million. Because Thai Baht against US dollars was weaker than forward rate that the company fixed with the Bank. The forward rate would be fixed in line with the execution of Thai Cane and Sugar Corporation which was used to calculate the cane price.

Financial cost in 2016 was Baht 317.0 million, decreased Baht 56.0 million or 15.0% from 2015 which was Baht 372.9 million, due to better financial management.

Anyway, from the above factors, Net loss in 2016 was Baht 512.5 million, decreased from 2015 which Net profit was Baht 729.9 million.

Income statements analysis

Income	2015 (million Baht)	2016 (million Baht)	Change (million Baht)	Change %
Revenue from the sales and services.	19,328.2	15,005.6	(4,322.6)	(22.4%)
Sugar business	15,340.6	11,336.0	(4,004.6)	(26.1%)
Revenue from sale of sugar	14,351.7	10,888.3	(3,463.4)	(24.1%)
Revenue from sale of molasses.	766.5	447.7	(318.8)	(41.6%)
Compensation for sugar production and distribution	222.4	-	(222.4)	(100%)
Subsidiaries business	3,987.6	3,669.6	(318.0)	(8.0%)
Revenue from sale of bagasse bleached pulp	1,305.5	896.1	(409.3)	(31.4%)
Revenue from sales of Ethanol	1,638.6	1,634.4	(4.2)	(0.3%)
Revenue from sales of electricity	538.3	699.6	161.2	30.0%
other	505.2	439.5	(65.8)	(13.0%)
Other income	115.7	81.0	(34.7)	(30.0%)
Total income	19,443.9	15,086.6	(4,357.3)	(22.4%)

Source: company financial information

Total revenues

The company total revenues in 2016 was Baht 15,086.6 million, decreased 22.4% from 2015 which was Baht 19,443.9 million. The details are as follows,

Sugar business.

Revenues from sugar business in year 2016 and 2015 were Baht 11,336.0 million and Baht 15,340.6 million, decreased 26.1% resulted from the following key factors:

- In 2016, both domestic and export sugar sales volume decreased 323,844.9 tons or 30.0% from 2015 due to the drought from El Niño effect and caused the reduction in quantity and quality of canes.
- Sugar average domestic selling price in 2016 was the same as 2015 which was under Government Control.
- Sugar average export selling price in 2016 was Baht 12,495.8 per ton increased 6.9% from Baht 11,690.3 per ton in 2015

- The sugar price in commodity market (New York No.11) increased as a result of El Niño effect in 2016. At the same time, the world sugar production was less than consumption which resulted tight situation in the sugar stock of the World market.
- Molasses sale volume in 2016 was 108,493.4 tons decreased 40.3% from 2015 which was 181,703.4 tons.
- Molasses average selling price in 2016 was Baht 4,126.2 per tons, decreased 2.2% from Baht 4,218.4 per ton in 2015.

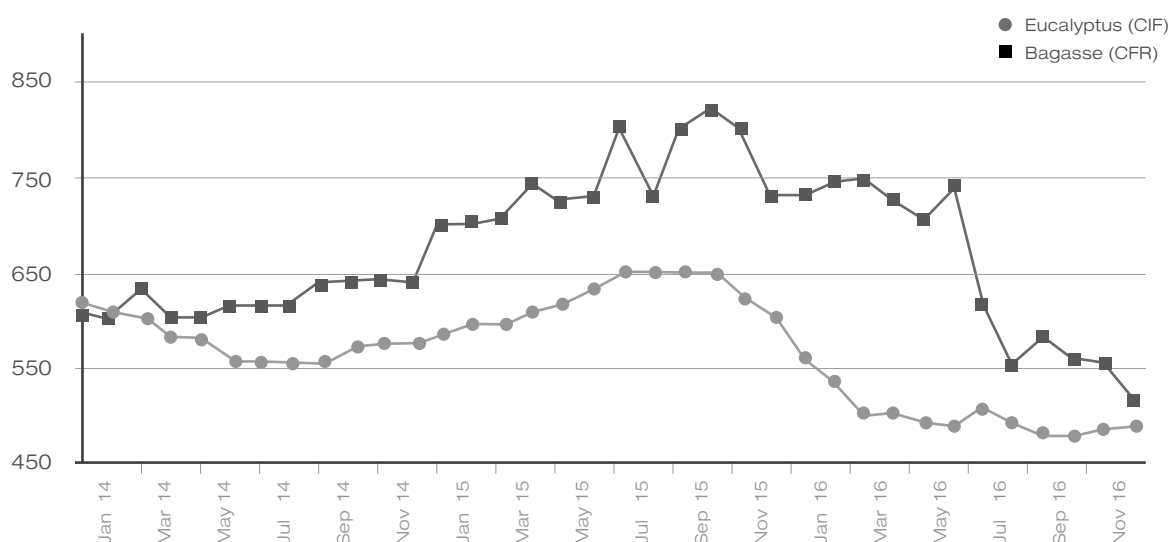
Subsidiaries business

Revenues from subsidiaries business in 2016 and 2015 were Baht 3,669.6 million decreased 8.0% from 2015 which was Baht 3,987.6 million resulted from

(1) Revenue from the sale of bagasse bleached pulp for the year 2016 was Baht 896.1 million decreased 31.4% from 2015 which was Baht 1,305.5 million, results as follows,

- Sales volume of bagasse bleached pulp in 2016 and 2015 were 40,985.3 tons and 63,745.7 tons respectively, down by 35.7% . The domestic sale and export sale volumes decreased because the sluggish global economy caused the pulp users turned attention to price oriented than environment oriented.
- Average domestic selling prices for bagasse bleached pulp rose to Baht 20,820.6 per ton in 2016 from Baht 20,254.5 per ton in 2015 and average export selling prices turned higher to Baht 21,865.1 per ton in 2016 from Baht 20,479.4 per ton in 2015 as there were not so many manufacturers of bagasse bleached pulp in the World, so they could stipulate the selling price at a certain level.

Table: Average bagasse bleached pulp price in 3 years



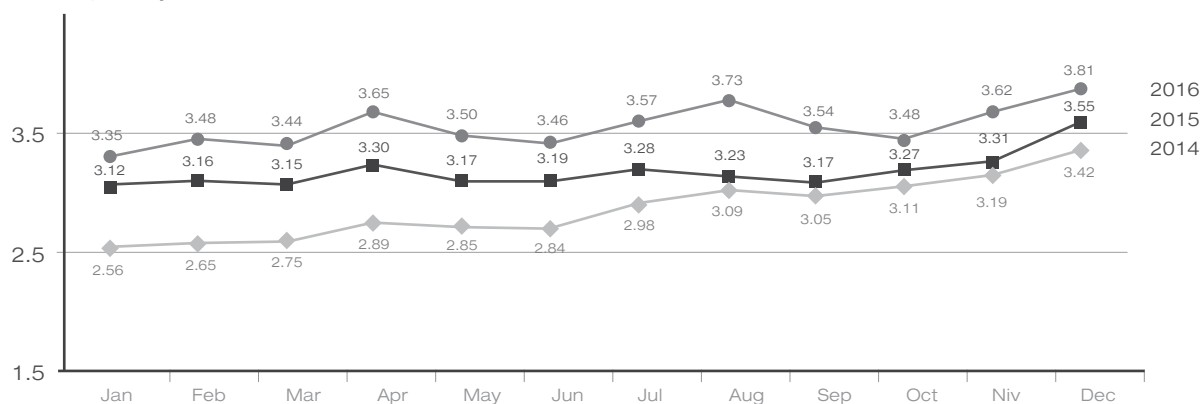
Source: RISI

(2) Revenue from the sale of ethanol in 2016 and 2015 were Baht 1,634.4 million and Baht 1,638.6 million respectively, down 0.3% because of the following factors.

- Sales volume of ethanol in 2016 and 2015 were 72.3 million liters and 66.6 million liters respectively, increased 8.5% from rising domestic consumption.
- The average domestic selling price of ethanol in 2016 was Baht 22.60 per liter, down 8.1% from 2015 at Baht 24.59 per liter as affected by the fluctuation of world oil prices.

Table: Average consumption in 3 years

Million liters per day



Source: Ministry Of Energy

(3) Revenue from electricity sales in 2016 and 2015 were Baht 699.6 million and Baht 538.3 million respectively, increased 30.0% since longer electricity

selling period of Kaset Thai Bio Power Co, Ltd. (KTBP) and the start of commercial electricity selling in Q2/2016 from Thai Ekaluck Power Co.,Ltd (TEP).

(4) Revenues from other sales and services incomes in 2016 and 2015 were Baht 439.5 million and Baht 505.2 million respectively, down 13.0%, mainly resulted from agricultural machinery services, fertilizers and insecticides to farmers were reduced.

Other income

Other income in 2016 was Baht 81.0million, decreased 30.0% from Baht 115.7 million in 2015.

Cost of sales and services, and gross profit margin.

Cost of sales and services in 2016 was Baht 12,168.7 million, decreased 18.1% from Baht 14,854.2 million in 2015 which was in line with the decrease in the revenues from sales and services.

Table: The comparison of 2015 and 2016 Cost of sales and services, and gross profit margin.

Income	2015 (million Baht)	2016 (million Baht)	Change (million Baht)	Change percent
Revenues from sales and services.	19,328.2	15,005.6	(4,322.6)	(22.4%)
Sugar business	15,340.6	11,336.0	(4,004.6)	(26.1%)
Subsidiaries business	3,987.6	3,669.6	(318.0)	(8.0%)
Cost of sales and services	14,854.2	12,168.7	(2,685.4)	(18.1%)
Sugar business	12,643.2	9,406.3	(3,236.9)	(25.6%)
Subsidiaries business	2,210.9	2,762.4	551.5	(24.9%)
Gross profit	4,474.1	2,836.9	(1,637.1)	(36.6%)
Sugar business	2,697.4	1,929.7	(767.7)	(28.5%)
Subsidiaries business	1,776.7	907.2	(869.5)	(48.9%)
Gross Profit margin	23.1%	18.9%		(4.2%)
Sugar business	17.6%	17.0%		(0.6%)
Subsidiaries business	44.6%	24.7%		(19.8%)

Source: Company financial information

Gross profit in 2016 was 18.9% decreased from 2015 which was 23.1% because gross profit from both sugar and bio-business decreased.

Gross profit from sugar business decreased due to.

- Sales volume of domestic and export sugar in 2016 was 756,220.8 tons decreased from 2015 which was 1,080,065.7 tons.
- Sales volume of molasses in 2016 was 108,493.4 tons decreased from 2015 which was 181,703.4 tons
- Average selling price of molasses in 2016 Baht 4,126.2 per ton, decreased from Baht 4,218.4 per ton in 2015.

Gross profit from bio business decreased from.

- Sales volume of domestic and export bagasse bleached pulp in 2016 was 40,985.3 tons decreased from 2015 which was 58,745.7 tons.

- Average selling price of ethanol in 2016 was Baht 22.60 per liter, decreased from Baht 24.59 per liter in 2015.
- Average selling price of electricity in 2016 was Baht 3.08 per unit decreased from Baht 3.34 per unit in 2015 due to Float Time (FT) value was negative value compared to positive value in previous year.

Selling and administrative expenses

Selling and administrative expenses in 2016 was Baht 2,871.7 million decreased 14.6% from 2015 which was Baht 3,362.2 million as the sale volumes from both sugar business and bagasse bleached pulp business were reduced and resulted in lower expenses in warehouse expenses, export expenses, and transportation expenses (low fuel oil price too).

Profit (loss) on exchange rate

Loss on exchange rate in 2016 was Baht 117.6 million, compared with Loss Baht 172.9 million in 2015. The value of the Baht against the US dollar was weaker than the forward rate fixed by the company on foreign sales to prevent the risk of exchange rate fluctuations. The forward rate would be fixed in line with the execution of Thai Cane and Sugar Corporation which was used to calculate the cane price.

The financial cost.

Finance costs in 2016 was Baht 317.0 million decreased Baht 56.0 million or 15% from 2015 which was Baht 372.9 million due to better financial management of the Company.

Net profit and net profit margin

In 2016 Net loss was Baht 512.5 million compared to 2015 which Net profit was at Baht 729.9 million. The net profit margin in 2016 and 2015 was - 3.4% and 3.75% respectively.

Analysis of the financial position(Consolidated)

Assets

As at 31 December 2016, Total assets was Baht 16,052.3 million, decreased 14.6% from 2015 which was Baht 18,793.2 million.

- As at 31 December 2016, Current assets was Baht 4,217.7 million, decreased 24.4% from 2015 which was Baht 5,578.0 million. The main reasons were:
 - » Cash and Cash Equivalents decreased Baht 7.3 million.
 - » Trade and Other receivables, net decreased to Baht 486.7 million, and Farmer receivables increased Baht 124.6 million.
 - Trade and Other receivables net decreased from Baht 1,175.6 million to Baht 688.9 million.
 - Average Receivables Collection period in 2016 was 22.68 days compared to 2015 which was 24.76 days
 - » Inventories, net decreased Baht 1,053.5 million.
- Non - current assets as at 31 December 2016 was Baht 11,834.6 million, decreased 10.4% from 2015 which was Baht 13,215.2 million. The main reasons were

- » Other Receivable - Office of the Cane and Sugar Fund decreased Baht 798.1 million which was paid to the Company by Office of the Cane and Sugar Fund as the compensation for sugar production and distribution.
- » Property, plant and equipment, net decreased Baht 494.6 million as depreciation expenses.

Liabilities

As at 31 December 2016, total liabilities was Baht 8,230.8 million, decreased 18.5% from 2015 which was Baht 10,100.8 million.

- Current liabilities as at 31 December 2016 was Baht 3,642.9 million decreased 26.4% from 2015 which was Baht 4,948.9 million. The main reasons were
 - » Short - term borrowings from financial institutions decreased Baht 855.5 million.
 - » Trade and other payables decreased Baht 313.4 million.
 - » Current portion of long term borrowings decreased Baht 128.3 million.
- Non - current liabilities as at 31 December 2016 was Baht 4,587.9 million, decreased 10.9% from 2015 which was Baht 5,151.9 million as repayment of long-term loans to financial institutions.

Shareholders' equity

As at 31 December 2016, Shareholders' equity was Baht 7,821.5 million, decreased 10.0% from 2015, which was Baht 8,692.5 million as a result from net loss from operation and dividend payment in 2016

The liquidity and adequacy of funds

The company has developed the relation and cooperation with many financial institutions into strategic partners for business supporting and growing. In the past period, the Company and financial institutions cooperated jointly for the development of financial products and services, such as Integrated Cash Management services, Electronic Discounted Checks etc. The Company obtains confidence and good financial liquidity from our financial institutions for business operation and future project investments.

For the financial markets, the Company gets the financial instrument by issuing Time Bill of Exchange (B/E) 270 days in Thai Baht with specified payee, the

total amount not exceeding Baht 5,000 million at any time. Once the B/E is paid, the Company may offer to issue again within Baht 5,000 million. The prospectus to issue such security has to be renewed annually and the existing prospectus will be expired by April 19, 2017.

The company has sufficient working capital to pay for short term B/E and conducts the risk policies and measurements to deal with the liquidity risk and also gets well financial trusts from institutional investors and major specified investors (High Net Worth).

Cash flows from operating activities

In 2016, Loss before income tax expense was Baht 388.3 million, Depreciation and amortization was Baht 1,142.3 million and other adjustments. Cash flows before changes in operating Assets and Liabilities was Baht 957.2 million.

After Changes in operating Assets and Liabilities, Interest paid and Income Tax paid, the Net Cash flows generated from operating activities was Baht 2,661.4 million which was used in investing activities Baht 600.1 million and paid for short term and long term debts in financing activities Baht 2,068.7 million. So the Cash and Cash equivalents decreased Baht 7.3 million.

The beginning Cash and Cash equivalents was Baht 346.7 million and the Cash and Cash equivalents at the end of the year was Baht 339.4 million.

Financial liquidity

According to the consolidated financial statements as at 31 December 2016, Liquidity ratio was 1.16 times, an increase from previous year which was 1.13 times. And Quick ratio was 0.28 times closed to previous year.

The Company and financial situations cooperated to develop Integrated Cash management system in order that the daily excess cash will be paid automatically to repay bank credit. In case of cash requirement, the Company could get cash from Bank overdraft automatically.. Such system saves the financial cost. At the same time, we also get alternative working capitals from financial markets by issuing short term Bills of Exchange. These ensure strong financial liquidity of the Company with reasonable financial costs and increase the potentials in business competition.

Capital Structure, Sources and Uses of Funds

The Company has the policy for suitable Capital Structure in order to support the operations and increase the share value of its shareholder upon financial risk protections.

In 2016, the company restructured the financial loans between short term loans and long term loans as a whole in order to increase liquidity ratio and reduce financial cost by applying for the long term loan Baht 4,000 million to reduce short term debts of the Company and increase the registered capital in subsidiary companies for their financial liquidity and reduced high financial cost loans. The interest rate of this long term loan was fixed rate instead of floating rate so that the interest rate risk was managed and financial cost could be controlled.

Debt to equity ratio was 1.05 times compared to 2015 which was 1.16 times. The ratio did not pose a significant risk to the company. The Company could increase financial leverage for operation and future investment opportunity.

Investing and Financing activities

In 2015, the Company invested in two 50 MWH Bio electricity projects and Liquid Sucrose and Super refined sugar project according to the objectives in Initial Public Offering (IPO). The amount invested in these projects was Baht 2,386.2 million. In 2016 the investing activities was Baht 600.1 million lower than last year.

Factors or events that will affect the financial position or operations in the future

The uncertainty in the global economic recovery still exists, especially the political stability of the United States, interest rate policy of the Central Bank of United States, the default of loan payments in European countries, the membership withdrawal consideration from EU of its members, Japan economic recovery situation, and also China economic growth questions.

While Thailand still has a strong International Reserves with continuous good Trade Balance and Current Account Balances as well as large-scale public investment policies, so in 2016 the country economy will be in good direction upon the awareness of external factors.

The risk management committee has conducted a review of the risk policy and follow-up risk assessments on a regular basis to ensure that the implementation of the risk management on overall activities are controlled to the appropriate and acceptable level as defined in the section risk factors;

Declaration of the Directors' Responsibility for the Financial Statements

The Board of Directors of the Kaset Thai International Sugar Corporation Plc. has prepared the Company's financial statements to show its financial status and performance for 2016 under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act 1992, and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions and reporting method for the disclosure of information on financial status and performances of companies the issue securities.

The Board recognizes its duties and responsibility for directing a listed company, particularly the responsibility for financial statements of the Company and its subsidiaries – including financial information that appears in the annual report of 2016. Such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements. Adequate significant information has been disclosed in the noted to these financial statements for transparent use by shareholders and investors at large.

The Board has instituted and maintained effective risk management and internal control systems to become reasonably confident of accurate, complete, and adequate accounting information to retain Company assets and prevent fraud or significant anomalies in operation.

The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of the Company and its subsidiaries ended December 31, 2016 are reliable under generally accepted accounting standard, legally sound, and acceptable to relevant regulations.



Mr. Pricha Attavipach
Chairman



Mr. Parphan Siriviriyakul
Chief Executive Officer – KTIS Group

Annual Financial Statement

Independent Auditor's Report

To the Shareholders of Kaset Thai International Sugar Corporation Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowance for doubtful planter receivables

As discussed in Note 10 to the financial statements as at 31 December 2016, the Group had an past due balance of planter receivables amounting to Baht 933 million. The allowance for doubtful planter receivables is estimated by the management which is required to exercise considerable judgement in determining the allowance for doubtful planter receivables expected to be incurred when debtors are unable to repay the fund for support and encourage of planters for the cultivation of sugar canes and expenses and the timing of such recognition. The allowance for doubtful planter receivables was material therefore there are risks that with respect to the amount of the allowance for doubtful planter receivables.

I assessed and tested the internal controls relevant to the approval, recording and collection of debt and those controls relating to the calculation of allowance for doubtful planter receivables. I also assessed the key information, assumptions and methods used by the Group in calculating allowance for doubtful planter receivables applying the following procedures:

- Checking the aging report to its information source.
- Analysing of assumptions that the Group applied against historical data.
- Checking the collateral price with its sources.
- Besides, I assessed the calculation of allowance for doubtful planter receivables by the management. I assessed the planter receivables that the Group considered having no risk of default in order to check that no allowance was recorded for those receivables. I also tested the calculation of the allowance.

Net realisable value of inventory in manufacture and distribution of sugar

The Group had significant outstanding balance of inventory in manufacture and distribution of sugar as at 31 December 2016 amounting to Baht 1,319 million since sugar is commodity and the prices was set by global demand and supply causing sugar price for export sales fluctuated as market price. Therefore the estimation of net realisable value of inventory is an area of significant management judgement. This requires detailed analysis of the competitive environment, economic circumstances, the situation within the industry and basis applied in the estimating price of sugar exports. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventories in manufacture and distribution of sugar. I also evaluated the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing, the consistency of the application of that basis.
- Comparing details of sales contract occurring after the date of the financial statements with the cost of inventory for each product line.
- Analysing of global sugar prices to assess the key assumptions underlying sales forecasts by product line prepared by the Group's management.

Other Matter

The consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the year ended 31 December 2015, presented herein as comparative information, were audited by another auditor who expressed an unqualified opinion on those financial statements, under his report dated 22 February 2016.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

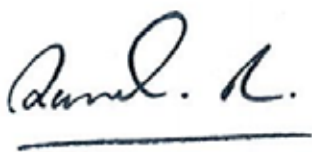
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Miss Sumalee Reewarabandith.



Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970

EY Office Limited
Bangkok: 24 February 2017

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	8	339,425,117	346,726,919	204,299,697	132,446,050
Trade and other receivables	7, 9	688,900,185	1,175,587,621	366,647,999	699,462,116
Planter receivables	10	555,986,307	431,465,031	363,000,143	251,324,997
Short-term loans to related parties	7	-	-	1,209,716,872	1,432,008,759
Inventories	11	1,861,171,770	2,914,631,467	1,062,811,653	1,772,324,481
Biological assets	12	29,646,813	16,530,560	18,762,110	16,530,560
Factory overhaul costs		645,675,665	578,782,402	481,756,137	422,558,028
Other current assets	7	96,872,199	114,284,426	54,051,350	58,054,623
Total current assets		4,217,678,056	5,578,008,426	3,761,045,961	4,784,709,614
Non-current assets					
Investments in subsidiaries	13	-	-	9,379,151,512	9,224,929,779
Other long-term investments		394,300	394,300	130,085	130,085
Amounts due from the Office of the Cane and Sugar Fund	14	-	798,054,570	-	666,154,679
Investment properties	15	328,710,645	323,178,361	12,378,480	16,498,832
Property, plant and equipment	16	10,851,094,186	11,345,663,358	3,944,134,715	4,166,855,925
Intangible assets	17	296,791,282	300,767,159	1,101,713	1,298,788
Deferred tax assets	29	187,907,316	242,393,868	175,092,770	207,051,960
Other non-current assets	7	169,740,599	204,750,407	108,761,090	110,375,242
Total non-current assets		11,834,638,328	13,215,202,023	13,620,750,365	14,393,295,290
Total assets		16,052,316,384	18,793,210,449	17,381,796,326	19,178,004,904

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	18	1,066,535,825	1,922,014,259	249,421,544	907,169,675
Trade and other payables	7, 19	1,894,594,945	2,207,992,792	1,223,086,031	1,639,696,520
Short-term loans from related parties	7	-	-	629,420,758	699,180,449
Current portion of liabilities under finance lease agreements	20	7,044,294	6,346,211	7,044,294	6,346,211
Current portion of long-term loans from financial institutions	21	503,601,554	631,891,960	500,714,879	500,396,512
Current portion of long-term loans from related party	7	4,850,000	4,850,000	-	-
Current portion of long-term loans from the Office of the Cane and Sugar Fund	22	63,293,277	53,800,149	11,039,082	10,566,123
Income tax payable		35,544,435	761,969	-	-
Other current liabilities	7	67,450,670	121,232,043	36,954,572	67,320,929
Total current liabilities		3,642,915,000	4,948,889,383	2,657,681,160	3,830,676,419
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	20	798,916,670	805,960,964	798,916,670	805,960,964
Long-term loans from financial institutions - net of current portion	21	2,745,268,884	3,248,870,438	2,745,268,884	3,245,983,763
Long-term loans from related party - net of current portion	7	77,600,000	82,450,000	-	-
Long-term loans from the Office of the Cane and Sugar Fund					
- net of current portion	22	82,713,678	145,202,635	8,127,384	19,166,466
Provision for long-term employee benefits	23	295,090,187	260,939,412	180,525,543	154,179,775
Provision for decommissioning costs		19,981,478	10,465,075	-	-
Other non-current liabilities	7	568,319,491	597,977,324	-	-
Total non-current liabilities		4,587,890,388	5,151,865,848	3,732,838,481	4,225,290,968
Total liabilities		8,230,805,388	10,100,755,231	6,390,519,641	8,055,967,387

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Registered					
3,888,000,010 ordinary shares of Baht 1 each		<u>3,888,000,010</u>	<u>3,888,000,010</u>	<u>3,888,000,010</u>	<u>3,888,000,010</u>
Issued and fully paid up					
3,860,000,010 ordinary shares of Baht 1 each		3,860,000,010	3,860,000,010	3,860,000,010	3,860,000,010
Share premium		5,202,881,296	5,202,881,296	5,202,881,296	5,202,881,296
Capital surplus on share-based payment	26	92,685,185	48,196,296	92,685,185	48,196,296
Retained earnings					
Appropriated - statutory reserve		256,442,734	245,193,041	256,442,734	245,193,041
Unappropriated		1,986,666,795	2,913,349,599	2,152,485,166	2,338,984,580
Other components of shareholders' equity		<u>(3,577,165,024)</u>	<u>(3,577,165,024)</u>	<u>(573,217,706)</u>	<u>(573,217,706)</u>
Total shareholders' equity		<u>7,821,510,996</u>	<u>8,692,455,218</u>	<u>10,991,276,685</u>	<u>11,122,037,517</u>
Total liabilities and shareholders' equity		<u>16,052,316,384</u>	<u>18,793,210,449</u>	<u>17,381,796,326</u>	<u>19,178,004,904</u>

The accompanying notes are an integral part of the financial statements.

Directors

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries
Statements of financial position (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Sales and services income		15,005,627,283	19,328,216,903	10,155,106,572	12,550,175,033
Other income					
Dividend income	13	-	-	1,016,164,650	946,439,354
Others		80,961,472	115,689,414	135,892,883	169,795,104
Total revenues		15,086,588,755	19,443,906,317	11,307,164,105	13,666,409,491
Expenses					
Cost of sales and services		12,168,708,810	14,854,151,208	8,611,970,886	10,539,181,668
Selling expenses		1,583,390,086	1,939,731,838	1,195,409,496	1,206,971,720
Administrative expenses		1,288,278,041	1,422,454,939	843,871,752	876,498,139
Loss on exchange		117,552,686	172,902,602	89,293,121	73,963,957
Total expenses		15,157,929,623	18,389,240,587	10,740,545,255	12,696,615,484
Profit (loss) before finance cost and income tax expenses		(71,340,868)	1,054,665,730	566,618,850	969,794,007
Finance cost		(316,963,459)	(372,934,426)	(306,104,277)	(354,265,322)
Profit (loss) before income tax expenses		(388,304,327)	681,731,304	260,514,573	615,528,685
Income tax benefits (expenses)	29	(124,230,213)	48,217,856	(35,520,710)	34,999,419
Profit (loss) for the year		(512,534,540)	729,949,160	224,993,863	650,528,104
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		(16,901,070)	40,402,803	(14,246,083)	20,521,280
Other comprehensive income for the year		(16,901,070)	40,402,803	(14,246,083)	20,521,280
Total comprehensive income for the year		(529,435,610)	770,351,963	210,747,780	671,049,384
Earnings per share	31				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		(0.13)	0.19	0.06	0.17
Diluted earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		(0.13)	0.19	0.06	0.17

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before tax	(388,304,327)	681,731,304	260,514,573	615,528,685
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,142,267,870	940,614,843	542,942,631	410,639,720
Gain on realised discount from transferring right of planter receivables	(14,147,604)	(9,414,708)	(13,595,253)	(9,248,662)
Allowance for doubtful accounts (reversal)	20,043,114	3,253,559	30,006,310	(15,006,671)
Reduction cost of inventory to net realisable value (reversal)	(176,179,431)	179,858,459	(157,093,365)	177,189,612
Loss on impairment of investment properties (reversal)	(1,278,610)	1,945,554	4,120,353	-
Loss on impairment of property plant and equipment	31,565,867	72,387,168	-	-
Gain arising from change in fair value of biological assets	(4,227,449)	-	(1,605,689)	-
Deferred revenue from the Office of the Cane and Sugar Fund	-	(222,380,298)	-	(191,425,665)
Unrealised loss on exchange	1,265,904	27,523,268	382,600	378,752
Loss on sales of investment properties	203,687	-	-	-
Gain on sales of equipment	(15,389,901)	(13,511,582)	(4,375,602)	(3,635,856)
Loss on write-off of equipment	240,603	10,822,362	-	8,536
Long-term employee benefits expenses	21,030,601	24,817,988	11,886,625	10,812,854
Share-based payment	44,488,889	44,488,889	23,267,155	23,267,155
Dividend income	-	-	(1,016,164,650)	(946,439,354)
Interest income	(21,365,461)	(30,408,080)	(66,520,565)	(122,464,038)
Interest expense	316,963,459	372,934,426	306,104,277	354,265,322
Profit (loss) from operating activities before changes in operating assets and liabilities	957,177,211	2,084,663,152	(80,130,600)	303,870,390
Operating assets (increase) decrease				
Trade and other receivables	486,596,627	(304,901,999)	331,025,054	(354,784,129)
Planter receivables	(131,764,242)	93,518,820	(128,086,201)	115,706,620
Inventories	1,229,639,128	1,751,208,466	866,606,194	1,369,536,250
Other current assets	(57,212,794)	32,899,588	(53,868,450)	(16,107,936)
Amounts due from the Office of the Cane and Sugar Fund	798,054,570	(558,663,074)	666,154,679	(466,333,150)
Other non-current assets	35,009,807	(86,666,061)	1,614,152	(1,997,297)
Operating liabilities increase (decrease)				
Trade and other payables	(344,896,944)	(794,445,108)	(364,673,917)	(662,652,003)
Other current liabilities	(53,856,666)	37,148,927	(30,441,649)	34,131,848
Cash paid for long-term employee benefits	(8,006,162)	(15,067,632)	(3,348,461)	(5,725,159)
Cash flows from operating activities	2,910,740,535	2,239,695,079	1,204,850,801	315,645,434
Cash paid for interest expenses	(217,429,397)	(239,513,515)	(179,308,299)	(193,963,285)
Cash paid for income tax	(31,892,975)	(97,403,672)	(1,952,250)	(88,608,417)
Net cash flows from operating activities	2,661,418,163	1,902,777,892	1,023,590,252	33,073,732

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries
Cash flow statement (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in restricted bank deposits	-	10,022,406	-	-
Decrease in short-term loans to related parties	-	-	222,291,887	798,491,241
Proceed from sales of short-term investments	-	965,041	-	-
Acquisition of property, plant and equipment	(506,254,131)	(2,308,066,063)	(303,551,984)	(1,400,688,955)
Capitalised interest of plant and equipment	(24,571,693)	(40,807,479)	-	-
Proceed from sales of equipment	16,991,365	17,555,910	4,399,196	3,678,658
Cash paid for payable from purchases of property, plant and equipment	(98,543,385)	-	(66,689,382)	-
Acquisition of intangible assets	(5,889,748)	(77,103,412)	(734,558)	(785,075)
Acquisition of investment properties	(3,261,900)	(19,145,555)	-	-
Proceed from sales of investment properties	102,200	-	-	-
Dividend received	-	-	1,016,164,650	946,439,354
Interest income	21,368,718	30,408,490	68,309,629	118,522,113
Net cash flows from (used in) investing activities	(600,058,574)	(2,386,170,662)	940,189,438	465,657,336
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(891,567,357)	(723,626,005)	(693,837,055)	(916,218,389)
Decrease in short-term loans from related parties	-	(682,000,000)	(69,759,691)	(419,819,551)
Cash paid for increase share capital of subsidiaries	-	-	(133,000,000)	(2,031,999,000)
Proceed from issue of ordinary shares	-	124	-	124
Increase (decrease) in long-term loans from financial institutions	(634,065,448)	2,195,896,061	(502,570,000)	3,237,480,000
Decrease in long-term loans from related party	(4,850,000)	(4,850,000)	-	-
Increase (decrease) in long-term loans from the Office of Cane and Sugar Fund	(56,556,377)	7,131,331	(11,137,088)	(10,898,428)
Payment of liabilities under finance lease agreements	(95,700,000)	(95,700,000)	(95,700,000)	(95,700,000)
Dividend paid	(385,922,209)	(694,799,820)	(385,922,209)	(694,799,820)
Net cash flows from (used in) financing activities	(2,068,661,391)	2,051,691	(1,891,926,043)	(931,955,064)
Net increase (decrease) in cash and cash equivalents	(7,301,802)	(481,341,079)	71,853,647	(433,223,996)
Cash and cash equivalents at beginning of year	346,726,919	828,067,998	132,446,050	565,670,046
Cash and cash equivalents at end of year	339,425,117	346,726,919	204,299,697	132,446,050
	-	-	-	-
Supplemental cash flows information:				
Non-cash items consist of				
Acquisition of property, plant and equipment for which no cash had been paid	131,408,210	98,543,385	15,761,398	66,689,382
Recognition share-based payment in investments in subsidiaries	-	-	21,221,733	21,221,733
Provision for decommissioning costs	8,850,000	-	-	-
Increase in investment properties due to collection from planters receivable	1,454,636	-	-	-
Dividend payable	75,292	-	75,292	-

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements						
						Other component of shareholders' equity	
	Issued and fully paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		Capital deficit from business combination under common control	Total shareholders' equity
				Appropriated – statutory reserve	Unappropriated		
Balance as at 1 January 2015	3,860,000,000	5,202,881,182	3,707,407	212,666,636	2,870,323,861	(3,577,165,024)	8,572,414,062
Profit for the year	-	-	-	-	729,949,160	-	729,949,160
Other comprehensive income for the year	-	-	-	-	40,402,803	-	40,402,803
Total comprehensive income for the year	-	-	-	-	770,351,963	-	770,351,963
Increase share capital (Note 25)	10	114	-	-	-	-	124
Share-based payment (Note 26)	-	-	44,488,889	-	-	-	44,488,889
Dividend paid (Note 32)	-	-	-	-	(694,799,820)	-	(694,799,820)
Transferred to retained earnings (Note 27)	-	-	-	32,526,405	(32,526,405)	-	-
Balance as at 31 December 2015	3,860,000,010	5,202,881,296	48,196,296	245,193,041	2,913,349,599	(3,577,165,024)	8,692,455,218
Balance as at 1 January 2016	3,860,000,010	5,202,881,296	48,196,296	245,193,041	2,913,349,599	(3,577,165,024)	8,692,455,218
Loss for the year	-	-	-	-	(512,534,540)	-	(512,534,540)
Other comprehensive income for the year	-	-	-	-	(16,901,070)	-	(16,901,070)
Total comprehensive income for the year	-	-	-	-	(529,435,610)	-	(529,435,610)
Share-based payment (Note 26)	-	-	44,488,889	-	-	-	44,488,889
Dividend paid (Note 32)	-	-	-	-	(385,997,501)	-	(385,997,501)
Transferred to retained earnings (Note 27)	-	-	-	11,249,693	(11,249,693)	-	-
Balance as at 31 December 2016	3,860,000,010	5,202,881,296	92,685,185	256,442,734	1,986,666,795	(3,577,165,024)	7,821,510,996

The accompanying notes are an integral part of the financial statements.



KTIS
More Than Sugar

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements						
						Other component of shareholders' equity	
	Issued and fully paid-up share capital	Share premium	Capital surplus on share-based payment	Retained earnings		Capital deficit from business combination under common control	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2015	3,860,000,000	5,202,881,182	3,707,407	212,666,636	2,395,261,421	(573,217,706)	11,101,298,940
Profit for the year	-	-	-	-	650,528,104	-	650,528,104
Other comprehensive income for the year	-	-	-	-	20,521,280	-	20,521,280
Total comprehensive income for the year	-	-	-	-	671,049,384	-	671,049,384
Increase share capital (Note 25)	10	114	-	-	-	-	124
Share-based payment (Note 26)	-	-	44,488,889	-	-	-	44,488,889
Dividend paid (Note 32)	-	-	-	-	(694,799,820)	-	(694,799,820)
Transferred to retained earnings (Note 27)	-	-	-	32,526,405	(32,526,405)	-	-
Balance as at 31 December 2015	<u>3,860,000,010</u>	<u>5,202,881,296</u>	<u>48,196,296</u>	<u>245,193,041</u>	<u>2,338,984,580</u>	<u>(573,217,706)</u>	<u>11,122,037,517</u>
Balance as at 1 January 2016	3,860,000,010	5,202,881,296	48,196,296	245,193,041	2,338,984,580	(573,217,706)	11,122,037,517
Profit for the year	-	-	-	-	224,993,863	-	224,993,863
Other comprehensive income for the year	-	-	-	-	(14,246,083)	-	(14,246,083)
Total comprehensive income for the year	-	-	-	-	210,747,780	-	210,747,780
Share-based payment (Note 26)	-	-	44,488,889	-	-	-	44,488,889
Dividend paid (Note 32)	-	-	-	-	(385,997,501)	-	(385,997,501)
Transferred to retained earnings (Note 27)	-	-	-	11,249,693	(11,249,693)	-	-
Balance as at 31 December 2016	<u>3,860,000,010</u>	<u>5,202,881,296</u>	<u>92,685,185</u>	<u>256,442,734</u>	<u>2,152,485,166</u>	<u>(573,217,706)</u>	<u>10,991,276,685</u>

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Notes to consolidated financial statements

As at 31 December 2016

1. General information

Kaset Thai International Sugar Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of sugar, which is sold both domestically and overseas. The registered address is as follows:

Head Office and factory: 1/1 Moo 14, Tambon Nongpo, Amphur Taklee, Nakornsawan

Bangkok branch office: 24, Ekapol Building, Viphavadee Rangsit Road, Dindaeng Sub-district, Dindaeng District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Kaset Thai International Sugar Corporation Public Company Limited (“the Company”) and its subsidiaries (hereinafter called as “the Group”) as following:

Company's name	Country of incorporation	Nature of business	Paid-up Share Capital		Percentage of shareholding	
			2016	2015	2016 Percent	2015 Percent
<u>Held by the Company</u>						
Thai Identity Sugar Factory Co., Ltd.	Thailand	Manufacture and distribution of sugar	1,215 Million Baht	1,215 Million Baht	100	100
Permsin Pattana Co., Ltd.	Thailand	Investment company	317 Million Baht	317 Million Baht	100	100
Kaset Thai Bio Power Co., Ltd.	Thailand	Manufacture and distribution of electricity	1,260 Million Baht	1,260 Million Baht	100	100
Environment Pulp & Paper Co., Ltd.	Thailand	Manufacture and distribution of pulp	2,400 Million Baht	2,400 Million Baht	74	74
Ekerat Pattana Co., Ltd.	Thailand	Manufacture and distribution of ethanol	256 Million Baht	256 Million Baht	100	100
Sapsirikaset Co., Ltd.	Thailand	Property rental and trading	311 Million Baht	311 Million Baht	100	100
Thaiekaluck Power Co., Ltd.	Thailand	Manufacture and distribution of electricity	350 Million Baht	350 Million Baht	100	100
Ruamphol Bio Power Co., Ltd.	Thailand	Manufacture and distribution of electricity	395 Million Baht	350 Million Baht	100	100
KTIS Biogass Power Co., Ltd.	Thailand	Manufacture and distribution of electricity	1 Million Baht	1 Million Baht	100	100
KTIS Bio Energy Co., Ltd.	Thailand	Manufacture and distribution of ethanol and electricity	20 Million Baht	1 Million Baht	100	100
Kaset Thai Wiwat Co., Ltd.	Thailand	Management of assets	61 Million Baht	1 Million Baht	100	100
KTIS Research and Development Co., Ltd.	Thailand	Research and development	10 Million Baht	1 Million Baht	100	100
<u>Held by subsidiaries</u>						
Lopburi International Sugar Co., Ltd. (held by Permsin Pattana Co., Ltd.)	Thailand	Manufacture and distribution of sugar	2 Million Baht	2 Million Baht	100	100
Lopburi Biopower Co., Ltd. (held by Permsin Pattana Co., Ltd.)	Thailand	Manufacture and distribution of electricity	2 Million Baht	2 Million Baht	100	100
Lopburi Bioethanol Co., Ltd. (held by Permsin Pattana Co., Ltd.)	Thailand	Manufacture and distribution of ethanol	0.25 Million Baht	0.25 Million Baht	100	100
Environment Pulp & Paper Co., Ltd. (held by Permsin Pattana Co., Ltd.)	Thailand	Manufacture and distribution of pulp	2,400 Million Baht	2,400 Million Baht	26	26
Kaset Thai Bio Fertilizer Co., Ltd. (held by Ekerat Pattana Co., Ltd.)	Thailand	Manufacture and distribution of organic fertilizer	35 Million Baht	35 Million Baht	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements except for the following new financial reporting standard and accounting treatment guidance.

TAS 41 Agriculture and Accounting Treatment Guidance for Recognition and Measurement of Bearer Plant

TAS 41 and the Accounting Treatment Guidance for bearer plants prescribe the accounting treatment for living animals or plants ("biological assets") and the harvested produce of such biological assets ("agricultural produce") related to an agricultural activity. The principles are as follows:

- A biological asset is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.

- When the biological asset is a bearer plant, accounting treatment in accordance with TAS 16 (revised 2015) *Property, Plant and Equipment* is to be applied. However, product growing on a bearer plant, which are biological assets, is to be measured at its fair value less costs to sell, both on initial recognition and at the end of each reporting period.
- Agricultural produce is measured at its fair value less costs to sell at the point of harvest.

Applying this accounting standard requires the Group to change the method of recording biological assets from sugar cane, which were previously recognised at cost, being recognised at fair value less costs to sell. However, the cumulative effect of this change in accounting policy does not have any significant impact on the previous year's financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) *Investments in Associates and Joint Ventures*. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and planter receivables

Trade and planter receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

The Group purchased non-performing planter receivables from other companies at discounted values for debts management and collection. Under the purchase contracts of non-performing receivables, the Group takes all the risks in the collection without recourse. The Group recorded these planter receivables at cost and recorded the discounted values in “Discounts from transfer right of planter receivables”.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost under the average method and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Merchandise inventories are valued at the lower of cost under the first-in, first-out method and net realisable value.

Molasses which is by product from manufacture of sugar are valued at net realisable value.

Raw materials, spare parts, factory supplies and supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Agriculture

The Group's biological asset is sugar cane and agricultural produce is harvested cane which were measured at their fair value less costs to sell at the point of harvest.

The fair value of harvested cane is determined based on reference to fair value less estimated point-of-harvest costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the Group shall measure it at its fair value less costs to sell.

The agricultural produce is included in inventories.

4.6 Factory overhaul costs

Factory overhaul costs comprise expenditure actually incurred on plant and equipment for the overhaul of the factory within the off season for production which preparation for the new sugar season. The factory overhaul costs are amortised on a systematic basis over the economic useful life being the duration of next production season. The amortisation expense is charged to profit or loss.

4.7 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 - 20 years
Buildings and building improvement	5 - 25 years
Machinery and equipment	3 - 20 years
Agricultural tools and equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.11 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	Useful lives
Computer software	3 - 5 years
Trademark	10 years
Right to use of electricity line	20 years

No amortisation is provided on right to use of electricity line which is not generated income.

4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.13 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the contributions of the Group is recognised as expenses when incurred.

Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law and benefit plan. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.17 Share-based Payment

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees of subsidiary is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, in the separate financial statement undertakings, with a corresponding credit to equity.

4.18 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group recognises a provision for decommissioning costs based on an estimate of the eventual costs that related to the remove of the plant and equipment which payment as of termination of lease agreement. These obligations, add of finance charges, are included in long-term liabilities.

4.19 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the compensation of costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate the Group.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Discount on business combination under common control

The Company has recorded subsidiaries assets by using similar to pooling interest method from the acquisition and entire business transfer of subsidiaries under common control. Discount on business combination under common control is presented in other components in shareholder's equity in the statement of financial position as at the business combination date by recording the difference between the purchased price and the carrying amount on the purchased date.

4.22 Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.23 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 buyer and seller at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates.

Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful trade and planter receivables

In determining an allowance for doubtful trade and planter receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduce inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration sale contract, fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Cost of sugar cane

The recognition of cost of sugar cane, requires management to make estimates of the sugar cane price by reference to the calculation method of the Office of the Cane and Sugar Board. Such determination is made based on various assumptions, including sale forecast and exchange rate.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Seasonality of operations

The operations of the Group, which are principally engaged in the manufacture and distribution of sugar, are affected by the seasonality of sugar manufacture, with the production season running from November to April, and the off season for production running from May to October.

7. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transaction with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	1,036	806	Contract price
Dividend income	-	-	1,016	946	As declared
Interest income	-	-	53	105	3.00% to 4.20% per annum
Other income	-	-	16	15	Mutual agreement
Purchases of goods and services	-	-	721	278	Contract price
Administrative expenses	-	-	2	1	Mutual agreement
Interest expenses	-	-	7	8	1.15% to 1.75% per annum
<u>Transactions with related companies</u>					
Sales of goods and services	-	1	-	-	Contract price
Other income	-	40	-	40	Contract price
Purchases of goods and services	189	236	102	140	Mutual agreement
Purchases of fixed assets	22	-	7	-	Contract price
Selling expenses	206	270	133	160	Mutual agreement
Administrative expenses	47	50	19	15	Mutual agreement
Interest expenses	89	94	89	94	0.42% and 11.00% per annum

As at 31 December 2016 and 2015, the Group had outstanding balance of assets and liabilities with the related parties as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related parties</u>				
Subsidiaries	-	-	54,184	85,879
Related companies (common shareholder/director)	34,065	3,426	33,902	3,326
Total trade and other receivables - related parties	34,065	3,426	88,086	89,205
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	1,209,717	1,432,009
Total short-term loans to related parties	-	-	1,209,717	1,432,009
<u>Other current assets - related party</u>				
Related company (common shareholder/director)	-	2,027	-	2,027
Total other current assets - related party	-	2,027	-	2,027
<u>Other non-current assets - related parties</u>				
Related companies (common shareholder/director)	104,432	102,404	103,027	101,000
Total other non-current assets - related parties	104,432	102,404	103,027	101,000
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	9,471	40,374
Related companies (common shareholder/director)	87,540	110,998	48,212	55,768
Total trade and other payables - related parties	87,540	110,998	57,683	96,142
<u>Short-term loans from related parties</u>				
Subsidiaries	-	-	629,421	699,180
Total short-term loans from related parties	-	-	629,421	699,180
<u>Other current liabilities - related party</u>				
Related company (common shareholder/director)	198	1,072	198	1,072
Total other current liabilities - related party	198	1,072	198	1,072
<u>Long-term loans from related party</u>				
Related company (common shareholder/director)	82,450	87,300	-	-
Total long-term loans from related party	82,450	87,300	-	-

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
<u>Other non-current liabilities - related party</u>				
Related company (common shareholder/director)	568,319	597,977	-	-
Total other non-current liabilities - related party	568,319	597,977	-	-

Short-term loans to related parties

During the year ended 31 December 2016, movements of the short-term loans to related parties are summarised below.

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2016	1,432,009
Increase during the year	4,373,599
Collection during the year	(4,595,891)
Balance as at 31 December 2016	1,209,717

The balances of short-term loans to related parties as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2016	2015
Subsidiary companies		
Thai Identity Sugar Factory Co., Ltd.	300,040	931,030
Thaiekaluck Power Co., Ltd.	604,782	364,187
Ruamphol Bio Power Co., Ltd.	298,395	128,992
Sapsirikaset Co., Ltd.	6,500	4,000
KTIS Bio Energy Co., Ltd.	-	1,800
Kaset Thai Wiwat Co., Ltd.	-	2,000
Total short-term loans to related parties	1,209,717	1,432,009

As at 31 December 2016 and 2015, short-term loans to related parties carried interest at rates of 3.00% to 4.20% per annum with repayment at call.

Short-term loans from related parties

During the year ended 31 December 2016, movements of the short-term loans from related parties are summarised below.

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2016	699,180
Increase during the year	2,951,546
Repayment during the year	(3,021,305)
Balance as at 31 December 2016	629,421

The balances of short-term loans from related parties as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2016	2015
Subsidiary companies		
Environment Pulp & Paper Co., Ltd.	270,176	301,190
Ekarat Pattana Co., Ltd.	115,000	295,000
Kaset Thai Bio Power Co., Ltd.	218,645	93,990
Permsin Pattana Co., Ltd.	-	9,000
KTIS Bio Energy Co., Ltd.	13,600	-
KTIS Research and Development Co., Ltd.	2,000	-
Kaset Thai Wiwat Co., Ltd.	10,000	-
Total short-term loans from related parties	629,421	699,180

As at 31 December 2016 and 2015, short-term loans from related parties carried interest at rates of 1.15% to 1.38% per annum with repayment at call.

Long-term loans from related party

As at 31 December 2016 and 2015, long-term loans from related party are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Long-term loans	82,450	87,300
Less: Portion due within one year	(4,850)	(4,850)
Long-term loans from related party - net of current portion	<u>77,600</u>	<u>82,450</u>

During the year ended 31 December 2016, movements of the long-term loans from related party are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2016	87,300
Repayment during the year	<u>(4,850)</u>
Balance as at 31 December 2016	<u>82,450</u>

The balances of long-term loans from related party as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Related company		
Siricharoen Export Co., Ltd.	82,450	87,300
Total long-term loans from related party	<u>82,450</u>	<u>87,300</u>

As at 31 December 2016 and 2015, long-term loans from related party carried interest at a rate referenced bank deposit in saving accounts.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	107,317	122,915	98,672	108,277
Post-employment benefits	1,804	1,985	1,183	1,426
Share-based payment	1,446	1,446	1,045	1,045
Total	110,567	126,346	100,900	110,748

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Cash	3,191	2,817	1,029	1,019
Cheque on hand	22,097	72,116	28	72,116
Bank deposits	314,137	271,794	203,243	59,311
Total	339,425	346,727	204,300	132,466

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.37% and 0.38% per annum (2015: between 0.37% and 0.38% per annum).

9. Trade and other receivables

The balances of trade and other receivables as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	-	-	36,616	44,641
Past due				
Up to 3 months	1	1	12,502	12,118
Total trade receivables - related parties	1	1	49,118	56,759
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	332,967	742,970	123,443	357,950
Past due				
Up to 3 months	114,587	252,504	85,698	186,427
3 - 6 months	-	27	-	12
Over 12 months	2,076	1,202	1,969	-
Total	449,630	996,703	211,110	544,389
Less: Allowance for doubtful debts	(107)	-	-	-
Total trade receivables - unrelated parties, net	449,523	996,703	211,110	544,389
Total trade receivables - net	449,524	996,704	260,228	601,148
Other receivables				
Advances	53,290	44,000	36,389	31,989
Interest receivables - related parties	-	-	2,839	4,629
Interest receivables - unrelated parties	11	14	-	-
Prepaid expenses - related parties	3,413	3,413	3,313	3,313
Prepaid expenses - unrelated parties	25,055	42,042	16,492	28,681
Accrued income - related parties	-	-	-	3,671
Accrued income - unrelated parties	51,947	62,045	14,444	738
Other receivables - related parties	30,651	12	32,816	20,833
Other receivables - unrelated parties	75,009	27,358	127	4,460
Total other receivables	239,376	178,884	106,420	98,314
Total trade and other receivables - net	688,900	1,175,588	366,648	699,462

10. Planter receivables

Planter receivables for the Group compose two types as follows:

10.1 Planter receivables - encourage

These are receivables relating to financial support provided by the Group to planters to cover expenses incurred directly in relation to the cultivation of sugar cane and expenses that are necessary to the planting of sugar cane, such as financial support for labour, fertilizer and pesticide costs.

10.2 Planter receivables - support

There are receivables relating to financial support provided by the Group to planters to provide financial support for efficient planting and the cultivation of sugar cane, such as for water resource management projects and agricultural machinery.

The balances of planter receivables as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Not yet due	229,574	130,365	132,268	84,751
Past due				
Up to 1 year	199,560	116,368	164,253	42,849
1 - 5 years	48,805	245,693	47,619	234,835
Over 5 years	684,684	539,887	400,370	253,989
	933,049	901,948	612,242	531,673
Total	1,162,623	1,032,313	744,510	616,424
Less: Discounts from transfer right of planter receivables	(298,085)	(312,232)	(228,101)	(241,696)
Allowance for doubtful debts	(308,552)	(288,616)	(153,409)	(123,403)
Planter receivables, net	555,986	431,465	363,000	251,325

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2016	2015	2016	2015	2016	2015
Raw material	23,654	14,977	-	-	23,654	14,977
Finished goods	1,479,595	2,654,290	(3,367)	(210,686)	1,476,228	2,443,604
Merchandise inventories	37,297	39,753	-	-	37,297	39,753
Spare parts, factory supplies and supplies	336,844	394,905	(40,623)	(9,483)	296,221	385,422
Work in process	27,772	30,875	-	-	27,772	30,875
Total	1,905,162	3,134,800	(43,990)	(220,169)	1,861,172	2,914,631

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2016	2015	2016	2015	2016	2015
Finished goods	909,430	1,775,687	(459)	(175,642)	908,971	1,600,045
Merchandise inventories	34,904	17,319	-	-	34,904	17,319
Spare parts, factory supplies and supplies	139,797	150,074	(25,163)	(7,074)	114,634	143,000
Work in process	4,303	11,960	-	-	4,303	11,960
Total	1,088,434	1,955,040	(25,622)	(182,716)	1,062,812	1,772,324

During the current year, the Group reversed the reduced cost of inventories by Baht 176 million (The Company only: Baht 157 million), to reflect the net realisable value. This was reduced the amount of inventories recognised as expenses during the year.

For the year 2015, the Group reduced cost of inventories by Baht 180 million (The Company only: Baht 17 million), to reflect the net realisable value. This was included in cost of sales.

12. Biological assets

Movements of the biological assets account for the year ended 31 December 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements
Balance as at 1 January 2016	16,531	16,531
Gains arising from changes in fair value	4,226	1,605
Increases due to cultivate	31,533	18,857
Decreases due to harvest	(22,643)	(18,231)
Balance as at 31 December 2016	29,647	18,762

13. Investments in subsidiaries

Investments in subsidiaries are investments in ordinary shares of the following subsidiary companies.

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Cost		Dividend received during the year	
	2016	2015	2016	2015
Thai Identity Sugar Factory Co., Ltd.	1,240,395	1,228,205	-	-
Permsin Pattana Co., Ltd.	1,010,905	1,010,905	62,005	-
Kaset Thai Bio Power Co., Ltd.	2,459,506	2,458,889	201,600	245,000
Environment Pulp & Paper Co., Ltd.	2,654,544	2,648,615	150,960	-
Ekarat Pattana Co., Ltd.	865,420	863,131	601,600	701,439
Sapsirikaset Co., Ltd.	311,000	311,000	-	-
Thaiekaluck Power Co., Ltd.	350,020	349,997	-	-
Ruamphol Bio Power Co., Ltd.	395,363	350,189	-	-
KTIS Biogass Power Co., Ltd.	1,000	1,000	-	-
KTIS Bio Energy Co., Ltd.	20,000	1,000	-	-
Kaset Thai Wiwat Co., Ltd.	61,000	1,000	-	-
KTIS Research and Development Co., Ltd.	9,999	999	-	-
Total	9,379,152	9,224,930	1,016,165	946,439

On 27 June 2016, Kaset Thai Wiwat Co., Ltd., a subsidiary, registered the increase in its share capital from Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each) to Baht 61 million (610,000 ordinary shares at a par value of Baht 100 each). The Company paid for the increased shares at the same proportion of the original investment, totaling Baht 60 million.

On 22 August 2016, Ruamphol Bio Power Co., Ltd., a subsidiary, registered the increase in its share capital from Baht 350 million (3,500,000 ordinary shares at a par value of Baht 100 each) to Baht 395 million (3,950,000 ordinary shares at a par value of Baht 100 each). The Company paid for the increased shares at the same proportion of the original investment, totaling Baht 45 million.

On 27 December 2016, KTIS Bio Energy Co., Ltd., a subsidiary, registered the increase in its share capital from Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each) to Baht 20 million (200,000 ordinary shares at a par value of Baht 100 each). The Company paid for the increased shares at the same proportion of the original investment, totaling Baht 19 million.

On 27 December 2016, KTIS Research and Development Co., Ltd., a subsidiary, registered the increase in its share capital from Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each) to Baht 10 million (10,000 ordinary shares at a par value of Baht 100 each). The Company paid for the increased shares at the same proportion of the original investment, totaling Baht 9 million.

During the years ended 31 December 2016 and 2015 the Company recognised share-based payment transactions amounting to Baht 21 million as investments in subsidiaries. The transactions were recognised when services were rendered by the subsidiaries' employees.

14. Amounts due from the Office of the Cane and Sugar Fund

Amounts due from the Office of the Cane and Sugar Fund as at 31 December 2015 were amounts that the Group will reimburse from the Cane and Sugar Fund, since the Group expect that in the 2014/2015 harvesting year the final sugar cane price and the final compensation for the production and distribution of sugar will be less than the initial sugar cane price and the initial compensation for the production and distribution of sugar. 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 Group at an amount equal to the difference, and the sugar cane planters do not have to return the excess amount of the sugar cane price received. During the current year, the Group have received full amounts of the compensation.

15. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements
	Land awaiting sales	Office building for rent	Total	Land awaiting sales
31 December 2016:				
Cost	343,329	1,570	344,899	24,910
Less: Accumulated depreciation	-	(600)	(600)	-
Less: Allowance for impairment loss	(15,588)	-	(15,588)	(12,532)
Net book value	327,741	970	328,711	12,378
31 December 2015:				
Cost	338,919	1,569	340,488	24,910
Less: Accumulated depreciation	-	(443)	(443)	-
Less: Allowance for impairment loss	(16,867)	-	(16,867)	(8,411)
Net book value	322,052	1,126	323,178	16,499

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	323,178	304,224	16,499	16,499
Acquisition	4,716	19,146	-	-
Transfers	-	1,911	-	-
Disposal	(306)	-	-	-
Depreciation charged	(156)	(157)	-	-
Reversal of impairment (Increase)	1,279	(1,946)	(4,121)	-
Net book value at end of year	328,711	323,178	12,378	16,499

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Land awaiting sales	374,615	400,172	15,953	23,400
Office building for rent	3,287	3,469	-	-

The fair values of investment properties are measured by independent valuers, using the net replacement cost method and the comparative price method. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and the locations of the investment properties.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Agricultural tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2015	296,516	1,730,746	9,072,972	398,086	170,958	912,818	2,739,320	15,321,416
Additions	25,563	40,098	373,033	76,081	18,012	149,988	1,577,133	2,259,908
Disposals/ write-off	-	(935)	(3,776)	(47,457)	(18,623)	(35,269)	(10,252)	(116,312)
Transfer in (out)	7,563	53,565	516,667	4,340	26	-	(582,161)	-
Capitalised interest	-	-	-	-	-	-	40,807	40,807
Reclassify	(49,197)	1,564	70,429	(208)	(23,084)	-	-	(496)
31 December 2015	280,445	1,825,038	10,029,325	430,842	147,289	1,027,537	3,764,847	17,505,323
Additions	67,303	9,483	34,901	33,804	11,693	41,649	438,829	637,662
Disposals/ write-off	-	(85)	(4,909)	(3,732)	(1,078)	(38,068)	-	(47,872)
Transfer in (out)	28,437	536,181	1,964,420	5,647	1,818	-	(2,536,503)	-
Provision for decommissioning costs	-	3,000	5,850	-	-	-	-	8,850
Capitalised interest	-	-	-	-	-	-	24,572	24,572
31 December 2016	376,185	2,373,617	12,029,587	466,561	159,722	1,031,118	1,691,745	18,128,535

	Consolidated financial statements (continued)							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Agricultural tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation								
1 January 2015	54,485	480,727	3,869,952	271,577	107,082	473,659	-	5,257,482
Depreciation for the year	12,806	86,255	692,793	48,745	18,618	73,739	-	932,956
Depreciation on disposals/ write-off	-	(115)	(3,776)	(46,782)	(18,224)	(32,549)	-	(101,446)
Transfer in (out)	(4,777)	(1,916)	9,631	(208)	(4,450)	-	-	(1,720)
31 December 2015	62,514	564,951	4,568,600	273,332	103,026	514,849	-	6,087,272
Depreciation for the year	13,085	110,691	850,321	53,793	17,918	86,438	-	1,132,246
Depreciation on disposals/ write-off	-	(21)	(4,909)	(3,463)	(935)	(36,702)	-	(46,030)
31 December 2016	75,599	675,621	5,414,012	323,662	120,009	564,585	-	7,173,488
Allowance for impairment loss								
1 January 2015	-	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	72,387	72,387
31 December 2015	-	-	-	-	-	-	72,387	72,387
Increase during the year	-	-	-	-	-	-	31,566	31,566
31 December 2016	-	-	-	-	-	-	103,953	103,953
Net book value								
31 December 2015	217,931	1,260,087	5,460,725	157,510	44,263	512,688	3,692,460	11,345,664
31 December 2016	300,586	1,697,996	6,615,575	142,899	39,713	466,533	1,587,792	10,851,094
Depreciation for the year								
2015 (Baht 828 million included in manufacturing cost, and the balance in selling and administrative expenses)								932,956
2016 (Baht 1,011 million included in manufacturing cost, and the balance in selling and administrative expenses)								1,132,246



(Unit: Thousand Baht)

	Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Agricultural tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost								
1 January 2015	44,557	467,063	2,407,481	209,204	53,260	307,169	627,128	4,115,862
Additions	25,562	53,943	360,341	53,587	8,473	104,501	847,504	1,453,911
Disposals/ write-off	-	-	-	(29,685)	(7,936)	(1,374)	-	(38,995)
Transfer in (out)	6,335	46,239	443,238	743	-	-	(496,555)	-
Reclassify	-	6,917	(6,917)	-	-	-	-	-
31 December 2015	76,454	574,162	3,204,143	233,849	53,797	410,296	978,077	5,530,778
Additions	67,302	8,209	17,699	22,864	5,118	20,590	177,531	319,313
Disposals/ write-off	-	-	-	(2,125)	(11)	(340)	-	(2,476)
Transfer in (out)	2,809	430,167	609,359	3,583	643	-	(1,046,561)	-
31 December 2016	146,565	1,012,538	3,831,201	258,171	59,547	430,546	109,047	5,847,615

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As at 31 December 2016, the Group had an outstanding balance of plants under construction and assets under installation amounting to Baht 648 million (2015: Baht 1,366 million). The construction has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 25 million were capitalised during the year ended 31 December 2016 (2015: Baht 41 million). The weighted average rates of 3.00% - 4.75% have been used to determine the amount of borrowing costs eligible for capitalisation.

As at 31 December 2016, the Group had plant and machinery with net book values of Baht 117 million (2015: Baht 138 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,183 million (2015: Baht 2,062 million) (The Company only: Baht 206 million, 2015: Baht 148 million).

As at 31 December 2016, the Group have pledged their property, plant and equipment with net book values of approximately Baht 2,968 million (2015: Baht 2,974 million) (The Company only: Baht 546 million, 2015: Baht 280 million) as collateral against short-term and long-term credit facilities received from financial institutions.

17. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Separate financial statements		
	Computer software	Trademark	Right to use of electricity line	Right to use of electricity line which is not generate income	Total	Computer software	Trademark	Total
As at 31 December 2016:								
Cost	14,056	2,144	253,676	59,320	329,196	8,156	100	8,256
Less Accumulated amortisation	(11,090)	(1,071)	(20,244)	-	(32,405)	(7,087)	(67)	(7,154)
Net book value	2,966	1,073	233,432	59,320	296,791	1,069	33	1,102
As at 31 December 2015:								
Cost	13,086	2,144	104,332	203,745	323,307	7,421	100	7,521
Less Accumulated amortisation	(9,658)	(857)	(12,025)	-	(22,540)	(6,165)	(57)	(6,222)
Net book value	3,428	1,287	92,307	203,745	300,767	1,256	43	1,299

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	300,767	234,299	1,299	1,801
Acquisition	5,890	77,104	735	785
Amortisation	(9,866)	(7,501)	(932)	(1,287)
Reclassify	-	(3,135)	-	-
Net book value at end of year	296,791	300,767	1,102	1,299

18. Bank overdraft and Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	2016 (percent per annum)	2015 (percent per annum)	2016	2015	2016	2015
Bank overdraft	MOR	-	3	-	3	-
Promissory notes and bill of exchange	2.00 - 2.10	3.15 - 3.45	249,419	1,235,669	249,419	907,170
Trust receipts	3.42	3.83	817,114	686,345	-	-
Total			1,066,536	1,922,014	249,422	907,170

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties	12,737	21,478	11,420	41,754
Trade payables - unrelated parties	1,042,365	1,527,799	735,867	1,225,444
Other payables - related parties	5,128	5,066	8,636	10,647
Other payables - unrelated parties	281,262	64,254	139,482	863
Deferred revenue from the Office of the Cane and Sugar Fund	-	17,011	-	8,396
Revenues received in advance	131,161	86,662	48,074	41,872
Accrued expenses to the Office of the Cane and Sugar Fund	120,674	203,762	78,351	156,459
Interest payable - related parties	63,246	63,508	33,781	35,031
Interest payable - unrelated parties	975	3,364	783	925
Accrued expenses - related parties	6,429	20,946	3,846	8,709
Accrued expenses - unrelated parties	230,618	194,143	162,846	109,597
Total trade and other payables	1,894,595	2,207,993	1,223,086	1,639,697

20. Liabilities under finance lease agreements

The Company has entered into the finance lease agreements with a related company for rental of plant and machinery for use in its operation, whereby it is committed to pay rental on an annually basis. The terms of the agreements are 30 years. These agreements have effective interest rate at 11% per annum and the outstanding balance as follow:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2016	2015
Liabilities under finance lease agreements	2,392,500	2,488,200
Less: Deferred interest expenses	(1,586,539)	(1,675,893)
Total	805,961	812,307
Less: Portion due within one year	(7,044)	(6,346)
Liabilities under finance lease agreements - net of current portion	798,917	805,961

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2016			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	96	383	1,914	2,393
Deferred interest expenses	(89)	(346)	(1,152)	(1,587)
Present value of future minimum lease payments	7	37	762	806

(Unit: Million Baht)

	As at 31 December 2015			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	96	383	2,009	2,488
Deferred interest expenses	(89)	(350)	(1,237)	(1,676)
Present value of future minimum lease payments	7	33	772	812

21. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate	Repayment schedule	Consolidated financial statement		Separate financial statements	
	(% per annum)		2016	2015	2016	2015
1	4.20	Repayable in semi-annual installments, and the final installment is due in June 2022	3,243,354	3,741,181	3,243,354	3,741,181
2	2.00	Repayable in annual installment, and the final installment is due in June 2017	2,630	5,200	2,630	5,200
3	3.94	Repayable in semi-annual installment, and the final installment is due within June 2017	2,887	102,887	-	-
4	3.94	Repayable in semi-annual installment, and the final installment is due within June 2016	-	31,494	-	-
Total			3,248,871	3,880,762	3,245,984	3,746,381
Less: Current portion			(503,602)	(631,892)	(500,715)	(500,397)
Long-term loans, net of current portion			2,745,269	3,248,870	2,745,269	3,245,984

The loans of the Company are secured by mortgages of property, plant and equipment of the Company as described in Note 16 to the financial statements. The loans of subsidiaries are guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and restrictions on mortgages of property, plant and equipment.

As at 31 December 2016, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 886 million (2015: Baht 932 million). These credit facilities are guaranteed by the Company.

22. Long-term loans from the Office of Cane and Sugar Fund

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Long-term loan	146,007	199,003	19,166	29,732
Less: Current portion	(63,293)	(53,800)	(11,039)	(10,566)
Long-term loans, net of current portion	82,714	145,203	8,127	19,166

These long-term loans are loans that the Group has borrowed from the Office of Cane and Sugar Fund (OCSF). The loans bear average interest rate at 2.10% per annum. The principals and interests will be paid annually according to the factoring agreements between the Group and the OCSF, following the Project financing for the purchase of harvesters. These loans are secured by authorised directors of the Company.

23. Provision for long-term employee benefits

The provision of the Group comprises defined benefit plans under labour law and additional benefit plan. The additional benefit plan grants to employee who was hired before 16 July 2012, and years of service greater than 10 years. The employee will be received the additional benefit plan after they retire.

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of the year	260,939	299,168	154,180	172,219
Included in profit or loss:				
Current service cost	15,193	18,766	8,582	8,557
Interest cost	5,838	8,576	3,305	4,781
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	-	(20,270)	-	(10,278)
Financial assumptions changes	-	27,184	-	14,400
Experience adjustments	21,126	(57,418)	17,807	(29,773)
Total	21,126	(50,504)	17,807	(25,651)
Benefits paid during the year	(8,006)	(15,067)	(3,348)	(5,726)
Provision for long-term employee benefits at end of the year	295,090	260,939	180,526	154,180

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	11,250	12,978	5,918	6,213
Selling and administrative expenses	9,781	14,364	5,969	7,125
Total expenses recognised in profit or loss	21,031	27,342	11,887	13,338

The Group expects to pay Baht 51 million of long-term employee benefits during the next year (2015: Baht 49 million) (the Company only: Baht 41 million, 2015: Baht 34 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 7 years (2015: 7 years) (the Company only: 7 years, 2015: 7 years).

Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.8%	2.8%	2.8%	2.8%
Salary increase rate	5.0%	5.0%	5.0%	5.0%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below.

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statement		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(21)	23	(11)	12
Salary increase rate	30	(25)	16	(14)

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statement		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(20)	21	(11)	11
Salary increase rate	27	(25)	15	(14)

24. Sugar cane price

For the 2016/2017, 2015/2016 and 2014/2015 harvesting years, the Group purchased sugar cane in accordance with the letters of the Office of the Cane and Sugar Board that set the initial prices of sugar cane for each harvesting year. However, the Group's management expects the final sugar cane prices to differ from the initial prices, and recorded sugar cane prices and planter payables for the 2016/2017, 2015/2016 and 2014/2015 harvesting years based on prices calculated with reference to the calculation method of the Office of the Cane and Sugar Board.

Details of the initial cost and the cost calculated with reference to the calculation method of the Office of the Cane and Sugar Board are as follows:

(Unit: Baht per ton)

	The initial price of sugar cane			The Company			Subsidiary			The price calculated with reference to calculation method of the Office of the Cane and Sugar Board		
	Harvesting year 2016/2017	Harvesting year 2015/2016	Harvesting year 2014/2015	Harvesting year 2016/2017	Harvesting year 2015/2016	Harvesting year 2014/2015	Harvesting year 2016/2017	Harvesting year 2015/2016	Harvesting year 2014/2015			
For the year ended 31 December 2016												
Sugar cane price at a sweetness of 10 C.C.S.	1,050.00	808.00	-	1,050.00	865.27 - 868.87	-	1,050.00	883.10	-			
Increase or decrease in price for each 1 C.C.S. variation.	63.00	48.48	-	63.00	51.92 - 52.13	-	63.00	52.99	-			
For the year ended 31 December 2015												
Sugar cane price at a sweetness of 10 C.C.S.	-	808.00	900.00	-	808.00	839.82 - 847.25	-	808.00	861.44			
Increase or decrease in price for each 1 C.C.S. variation.	-	48.48	54.00	-	48.48	50.39 - 50.83	-	48.48	51.69			

25. Share Capital

At the Annual Shareholders' Meeting held on 23 April 2015, the shareholders approved an increase of share capital from Baht 3,888,000,000 to Baht 3,888,000,010 by issuing of 10 ordinary shares with a par value of Baht 1. The Company received subscription at Baht 12.40 per share. The paid-up share capital and premium on share capital totaling Baht 10 and Baht 114, respectively. The Company registered the increased share capital with the Ministry of Commerce on 25 May 2015.

26. Share-based payment – Warrants

The Company issued and offered grants of warrants to the executives and employees (ESOP) of the Company and its subsidiaries, which their terms 5 years from the issued date and no offered price. The staff who will be eligible to exercise right must be the staff during the exercise period. The staff holding the warrants but resign, be laid-off, be fired will no longer be eligible to exercise such right. In addition, the ineligible staff will have to return warrants to the Company immediately after termination. The warrants have exercise period at the period of 4 year and 6 months from the issued date. The exercise ratio and price on issued date are as follows:

ESOP	Issued date	Expired date	Exercise price (Baht/unit)	Number of issued warrants (unit)	Exercise ratio per 1 unit of warrant	Exercise period	
						Start	End
ESOP	1 December 2014	1 December 2019	10	28,000,000	1:1	1 June 2019	30 November 2019

The fair value of the warrant is measured by a Black-Scholes Model with the following financial assumptions:

Fair value of the warrant at grant date (Baht)	7.15
Grant date share price (Baht)	11.70
Warrant exercise price (Baht)	10.00
Expected volatility	125.03%
The expected period, that shareholders will completely use their right on warrant	4.5 years
Expected dividend yield	2.56%
Risk free interest rate	2.51%

The expenses for share-based payment transactions for the consolidated and separate financial statements, for the year ended 31 December 2016, were Baht 44 million and Baht 23 million, respectively, (2015: Baht 44 million and Baht 23 million for the consolidated and separate financial statements, respectively).

Movements of capital reserve for share-based payment transaction in the statements of financial position as at 31 December 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements
Balance as at 1 January 2016	48,196
Recognised during the year	44,489
Balance as at 31 December 2016	92,685

Movements of the warrants were as follow:

(Unit: Thousand Unit)

	Consolidated/Separate financial statements
Balance as at 1 January 2016	28,000
Exercised warrants during the year	-
Balance as at 31 December 2016	28,000

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

28. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	1,185,990	1,245,132	700,505	694,815
Depreciation and amortisation	1,142,268	940,615	542,943	410,640
Electricity and energy expenses	558,706	565,273	156,215	143,605
Transportation expenses	304,250	498,497	129,113	257,752
Repair and maintenance expenses	663,727	709,915	392,987	417,825
Stabilisation cost, research fees and cash paid to the Cane and Sugar Fund	1,322,448	1,354,740	1,082,152	862,275
Raw materials and consumables used	7,364,828	9,663,054	5,621,294	7,265,209
Changes in inventories of finished goods and work in progress	1,181,798	1,816,919	873,914	1,418,141

29. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	65,518	1,669	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	58,712	(49,887)	35,521	(34,999)
Income tax expenses (benefits) reported in the statement of comprehensive income	124,230	(48,218)	35,521	(34,999)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to:				
Actuarial gain (loss)	(4,225)	10,101	(3,562)	5,130
	(4,225)	10,101	(3,562)	5,130

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Accounting profit (loss) before tax	<u>(388,304)</u>	<u>681,731</u>	<u>260,515</u>	<u>615,529</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(77,661)	136,346	52,103	123,106
Deferred tax assets which were not recognised during the year	203,676	50,719	175,097	30,990
Utilisation of previously unrecognised deferred tax assets - tax losses	(2,446)	(78,316)	-	-
The previously recognised deferred tax assets which were unusable during the year	14,477	-	-	-
Effects of:				
Promotional privileges	(31,837)	(157,291)	-	-
Income not subject to tax	-	-	(203,232)	(189,288)
Non-deductible expenses	25,656	9,051	14,318	2,125
Additional expense deduction allowed	(14,583)	(8,953)	(2,765)	(1,932)
Others	6,948	226	-	-
Total	<u>(13,816)</u>	<u>(156,967)</u>	<u>(191,679)</u>	<u>(189,095)</u>
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>124,230</u>	<u>(48,218)</u>	<u>35,521</u>	<u>(34,999)</u>

As at 31 December 2016 and 2015, the components of deferred tax assets as stated in the statements of financial position are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for diminution in value of inventories	673	40,149	92	35,128
Allowance for impairment loss of investment properties	3,118	3,373	2,506	1,682
Allowance for impairment loss of property, plant and equipment	-	14,477	-	-
Finance leases	156,357	153,572	156,357	153,572
Provision for long-term employee benefits	59,018	52,188	36,105	30,836
Provision for decommissioning costs	3,996	2,093	-	-
Others	1,335	4,232	839	2,130
Total	224,497	270,084	195,899	223,348
Deferred tax liabilities				
Accumulated depreciation	(34,415)	(25,926)	(19,156)	(14,532)
Others	(2,175)	(1,764)	(1,650)	(1,764)
Total	(36,590)	(27,690)	(20,806)	(16,296)
Net	187,907	242,394	175,093	207,052

As at 31 December 2016, the Group has deductible temporary differences and unused tax losses totaling Baht 1,496 million, on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2016, the unused tax losses of the Group, which were not recognised to deferred tax assets, will expire in 2029.

30. Promotional privileges

The subsidiaries granted privileges by the Board of Investment are as follow:

1. Certificate No.	1276/Or/2546	1826(2)/2547	1095(1)/2555	2590(5)/2556	1557(1)/2558	59-1195-0-00-1-0	59-0348-0-13-2-0	59-0268-0-00-2-0
2. Promotional privileges for	Paper pulp manufacturing	Ethanol manufacturing, pure alcohol for fuel manufacturing and fertilizer manufacturing	Electricity generating from biomass	Production of biological fertilizers or organic fertilizers	Electricity generating and stream production from biomass	Packaging for foods (Biodegradable)	Electricity generating and stream production from biomass	Biogas
3. The significant privileges are	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
3.1 Exemption of corporate income tax for net income from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted	Received	Not received	Received	Not received	Received	Not received	Received	Not received
3.2 A fifty percent reduction of the normal rate of corporate income tax on net income derived from the promoted operations for a period of five years after the expiration of the above corporate income tax exemption period.	14-Oct-04	14-Mar-08	7-Oct-13	Not yet Commence	7-Jul-16	31-Oct-16	Not yet Commence	Not yet Commence
4. Date of first earning operation income								

31. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Consolidated financial statements					
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings (loss) per share	(512,535)	729,949	3,860,000	3,860,000	(0.13)	0.19
Effect of dilutive potential ordinary shares	-	-	-	-	-	-
Diluted earnings (loss) per share	<u>(512,535)</u>	<u>729,949</u>	<u>3,860,000</u>	<u>3,860,000</u>	<u>(0.13)</u>	<u>0.19</u>

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings per share	224,994	650,528	3,860,000	3,860,000	0.06	0.17
Effect of dilutive potential ordinary shares	-	-	-	-	-	-
Diluted earnings per share	<u>224,994</u>	<u>650,528</u>	<u>3,860,000</u>	<u>3,860,000</u>	<u>0.06</u>	<u>0.17</u>

For the years ended 31 December 2016 and 2015, the assumed conversion of warrants did not occur because the market price of the Company's shares was lower than the exercise price of the warrants. Therefore, there is no impact on the diluted earnings per share.

32. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 23 April 2015	695	0.18
Total for 2015		695	0.18
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	386	0.10
Total for 2016		386	0.10

33. Segment information

Operation segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposed, the Group is organised into business units based on their products and services as follows:

- (1) the production and distribution of sugar segment
- (2) the production and distribution of pulp segment
- (3) the production and distribution of alcohol segment and
- (4) the production and distribution of electricity segment

The chief operation decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transaction.

For the years 2016 and 2015, the Group has revenue from one major customer in amount of Baht 1,846 million and Baht 2,382 million, respectively.

Below is the consolidated financial information of the Group for the years ended 31 December 2016 and 2015 by segment.

(Unit: Million Baht)

	Production and distribution of sugar segment		Production and distribution of pulp segment		Production and distribution of alcohol segment		Production and distribution of electricity		Other segments distribution of		Elimination		Consolidation	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from sales and services														
- Local	7,299	8,243	223	324	1,645	1,650	832	576	43	7	(1,816)	(1,167)	8,226	9,633
- Overseas	6,105	8,713	675	982	-	-	-	-	-	-	-	-	6,780	9,695
Total	13,404	16,956	898	1,306	1,645	1,650	832	576	43	7	(1,816)	(1,167)	15,006	19,328
Segment profit (loss)	2,162	3,147	192	398	337	666	118	264	19	(1)	9	-	2,837	4,474
Unallocated income and expenses:														
Other income													81	116
Loss on exchange													(118)	(173)
Selling and administrative expenses													(2,872)	(3,362)
Finance expenses													(317)	(373)
Income tax benefits (expenses)													(124)	48
Profit (loss) for the year													(513)	730

Transfer pieces between business segments are as set out in Note 7 to the financial statement.

34. Provident fund

The Group and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and their employees, who are member of the funds, contribute to the fund monthly at the rates of 3 - 15 percent of basic salary. The funds, which are managed by licensed fund managers, will be paid to employees upon termination in accordance with the fund rules. The contribution during the year 2016 amounting to Baht 14 million (2015: Baht 13 million) (the Company only: Baht 8 million, 2015: Baht 7 million) were recognised as expenses.

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2016, the Group had capital commitments of approximately Baht 55 million, USD 4 million and JPY 1 million (2015: Baht 187 million, USD 5 million and JPY 11 million) (the Company only: Baht 10 million and JPY 1 million, 2015: Baht 53 million, USD 1 million and JPY 11 million), relating to the construction of factory buildings, and acquisition of machinery and equipment.

35.2 Operating lease commitments

The Group has entered into several lease agreements in respect of land, office building space and equipment and service agreements. The terms of agreements are generally between 1 and 30 years.

Future minimum required under these operating lease are service agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Payable within:				
1 year	30	24	3	4
Over 1 and up to 5 years	18	25	2	-
More than 5 years	4	4	-	-

In addition, the Company has made the lease agreements for land with a related party. Lease term is for 30 years which the rate will be increased every 5 years based on the consumer price index but not over 20% of the former rate. The Company also has a right to renew agreement for another 30 years since the expired date of this agreement by advance inform 2 years earlier from the expired date. During the year 2016, the Company recognised rental expenses of Baht 5 million.

35.3 Bank guarantees

There were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Guarantees for power sale agreements	15	15	-	-
Guarantees electricity used	31	22	6	1
Guarantees goods payment	-	9	-	-
Other guarantees	-	3	-	3
Total	46	49	6	4

35.4 Post-dated cheques

As at 31 December 2016 and 2015, the Group had post-dated cheques issued to planters for purchasing sugar cane as follows:

(Unit: Million Baht)

	Consolidated financial statement		Separate financial statements	
	2016	2015	2016	2015
Post-dated cheques	2,601	2,528	1,949	1,863

36. Financial instruments

36.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, planter receivables, loans, investments, trade and other payables, liabilities under finance lease agreements and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group are exposed to credit risk primarily with respect to trade and other receivables, planter receivables and loans. The Group manage the risk by adopting appropriate credit control policies and procedures. Therefore the Group do not expect to incur material financial losses. In addition, the Group do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, planter receivables and loans as stated in the statement of financial position.

Interest rate risk

The Group exposures to interest rate risk relates primarily to their cash at banks, loans, bank overdrafts, liabilities under finance lease agreements and interest bearing borrowing. Since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



	2016						2015						
	fixed interest rates			Floating interest rate	Non-interest bearing	Total	fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1 – 5 year	Over 5 years				Within 1 year	1 – 5 year	Over 5 years				
Financial assets													(% per annum)
Cash and cash equivalents	-	-	-	314	25	339	1	-	-	271	75	347	(% per annum) See Note 8
Trade and other receivables	-	-	-	-	689	689	-	-	-	-	1,176	1,176	-
Planter receivables	-	-	-	-	556	556	-	-	-	-	431	431	-
Amounts due from the Office of the Cane and Sugar Fund	-	-	-	-	-	-	-	-	-	-	798	798	-
	-	-	-	314	1,270	1,584	1	-	-	271	2,480	2,752	
Financial liabilities													
Bank overdrafts and short-term loans from financial institutions	1,067	-	-	-	-	1,067	1,922	-	-	-	-	1,922	See Note 18
Trade and other payables	-	-	-	-	1,895	1,895	-	-	-	-	2,208	2,208	-
Liabilities under finance lease agreements	7	37	762	-	-	806	7	33	772	-	-	812	See Note 20
Long-term loans from financial institution	504	2,295	450	-	-	3,249	632	2,200	1,049	-	-	3,881	See Note 21
Long-term loans from related party	-	-	-	82	-	82	-	-	-	87	-	87	See Note 7
Long-term loans from the office of the Cane and Sugar Fund	63	83	-	-	-	146	54	137	8	-	-	199	See Note 22
	1,641	2,415	1,212	82	1,895	7,245	2,615	2,370	1,829	87	2,208	9,109	

As at 31 December 2016 and 2015, the Group had Interest Rate Swap contracts with banks as follows:

Consolidated financial statements			
As at 31 December 2016			
Notional amount (Million Baht)	Maturity	Interest rate to pay (% per annum)	Interest rate to receive (% per annum)
3,910	December 2018- June 2020	3.9 - 4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Separate financial statements			
As at 31 December 2016			
Notional amount (Million Baht)	Maturity	Interest rate to pay (% per annum)	Interest rate to receive (% per annum)
3,250	June 2020	4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Consolidated financial statements			
As at 31 December 2015			
Notional amount (Million Baht)	Maturity	Interest rate to pay (% per annum)	Interest rate to receive (% per annum)
4,560	December 2018- June 2020	3.9 - 4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Separate financial statements			
As at 31 December 2015			
Notional amount (Million Baht)	Maturity	Interest rate to pay (% per annum)	Interest rate to receive (% per annum)
3,750	June 2020	4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading of goods and purchases of machinery denominated in foreign currencies. The Company and certain of its subsidiaries have entered into forward exchange contracts to manage the risk and the Company has entered into certain forward exchange contracts on behalf of the subsidiaries. Generally, these forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 31 December 2016					
Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate (Baht per 1 foreign currency unit)
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	
US dollar	1.4	2.4	-	0.4	35.88
Japanese yen	-	0.7	-	0.7	0.31

As at 31 December 2015					
Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate (Baht per 1 foreign currency unit)
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	
US dollar	9.8	5.3	4.8	0.5	36.04
Japanese yen	-	11.4	-	11.4	0.30

Consolidated financial statements						
As at 31 December 2016						
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Unrealised (gain) loss from Change in fair value	
			Bought	Sold	Bought (Million Baht)	Sold (Million Baht)
			(Baht per 1 foreign currency unit)			
US dollar	2.3	49.0	35.65	35.33 -35.85	(0.5)	4.3

Separate financial statements						
As at 31 December 2016						
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Unrealised (gain) loss from Change in fair value	
			Bought	Sold	Bought (Million Baht)	Sold (Million Baht)
			(Baht per 1 foreign currency unit)			
US dollar	2.3	49.0	35.65	35.33 - 35.85	(0.5)	4.3

Consolidated financial statements						
As at 31 December 2015						
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Unrealised (gain) loss from Change in fair value	
			Bought	Sold	Bought (Million Baht)	Sold (Million Baht)
			(Baht per 1 foreign currency unit)			
US dollar	1.4	108.0	35.82 - 38.87	33.20 - 36.47	(0.4)	185.2

Separate financial statements						
As at 31 December 2015						
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Unrealised (gain) loss from Change in fair value	
			Bought	Sold	Bought (Million Baht)	Sold (Million Baht)
			(Baht per 1 foreign currency unit)			
US dollar	-	108.0	-	33.20 - 36.47	-	185.2

Cane and sugar prices fluctuation risk

The cane and sugar industry in Thailand is an industry under the supervision of a government agency, the Cane and Sugar Board, under the Cane and Sugar Act B.E. 2527, which imposes the following restrictions:

1. A quota system for the allocation of sugar distribution channels, as follows:
 - 1.1 Quota A for the sugar produced for domestic consumption,
 - 1.2 Quota B for the raw sugar identified by the Cane and Sugar Board as for processing by sugar mills for delivery to Thailand Cane and Sugar Corporation (TCSC) for distribution. This quota is used as a base for setting the standard price of raw sugar exports to calculate the income of the system,
 - 1.3 Quota C for the sugar processed by sugar mills for export sales or as raw materials for the manufacture of products to be exported.
2. Allocation of net income generated by the system between the cane farmers and the sugar mills under a benefit sharing arrangement, whereby cane farmers receive 70% of the income, which is the cane price, and the sugar mills receive 30%, which is the return on production.

The net income of the cane and sugar system is calculated based on the income from the domestic sugar distribution (Quota A) and income from exports (Quota B and Quota C: using the average price of the sugar in Quota B and the exchange rate of the actual sales made by TCSC as the base for calculation of export sales income) less the expenses of the Cane and Sugar Industry. Currently, the ratio of exported sugar to domestically sold sugar is approximately 70:30.

A result of the system is that the selling price of sugar under Quota B and the exchange rate of the actual sales made by TCSC have substantial impact on the cane price, which is the major cost of the sugar production. To manage the risk of fluctuating gross profit, the Company apply the following risk management measures:

1. The Company entered into sugar futures contracts to sell sugar in the futures market, with the prices, quantities and due dates being referenced to actual sales of sugar of TCSC.
2. The Company closes its position under futures contracts when actual sales of sugar are made to customers. The closed position is made by entering into futures contracts to purchase sugar at the same price and in the same quantity as the actual sales to the customers, with terms of an equal length to those of the futures sales contracts.

These risk management measures enable the Company to manage risk efficiently in any circumstances, with the Company able to set future selling prices that are close to the selling price fixed by TCSC. The result of this is that the Company are able to maintain a stable gross profit, based on the margin between the selling price of the Company and the cost of sugar cane derived from the selling price fixed by TCSC.

During the current year, the Company entered into sugar futures contracts to sell sugar in the futures market, under which delivery is due in 2016. However between the time that the Company entered into these futures contracts and the time that the Company entered into actual sales agreements with customers, the world market price of sugar due for delivery in 2016 continually fluctuated. As a result, for the year ended 31 December 2016 the Company had loss of approximately Baht 10 million, arising from closing positions under futures contracts for which delivery was due in 2016, which have been recognised in the income statement. However, the Company expects these loss to be offset by the actual sugar price in the year 2017.

As at 31 December 2016 and 2015, sugar futures contracts with no actual delivery, which have an open status, are summarised below.

(Unit: Million US dollar)

	Consolidated/Separate financial statements			
	31 December 2016		31 December 2015	
	Contractual value	Fair value	Contractual value	Fair value
Futures purchases contracts	13.9	12.7	-	-
Futures sales contracts	42.7	37.8	-	-

Fair value of sugar futures contracts are based on Intercontinental Exchange contract no.11 in the New York market.

36.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, their carrying amounts in the statement of financial position approximate their fair value.
- For biological assets, their fair value has been determined based on discounted cash flows reference to fair value less costs to sell at the point of harvest. The valuation involves certain assumptions and estimates such as the final sugar cane prices, a sweetness and weight of sugar cane.
- For long-term loans carrying interest at rates close to market interest rates, their carrying amounts in the statement of financial position approximate their fair value.

As at 31 December 2016, the Group had the asset that were measured at fair value as described in Note 12 to the financial statements. The fair value includes in level 3.

As at 31 December 2016, the Group had the assets and liabilities that were disclosed as follows:

- The fair value includes in level 2 as present in Note 36.1 to the financial statements.
- The fair value includes in level 3 as present in Note 15 to the financial statements.

The fair value disclosure of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.05:1 (2015: 1.16:1 and the Company's was 0.58:1 (2015: 0.72:1).

38. Events after the reporting period

At the Company's Board of Directors' meeting on 24 February 2017, it approved a dividend payment for the operating result of 2016 at Baht 0.1 per share for 3,860,000,010 ordinary shares, amounting to Baht 386 million. However, the approval for the dividend payment shall be proposed to the Annual Shareholders' Meeting for the year 2017 for further consideration and approval.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2017.



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บริษัท เกษตรไทย อินเตอร์เนชั่นแนล ซูการ์ คอร์ปอเรชั่น จำกัด (มหาชน)
Kaset Thai International Sugar Corporation Public Company Limited

24 อาคารเอกพล ถนนวิภาวดีรังสิต แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400

โทรศัพท์ 0-2692-0869-73 โทรสาร 0-2246-9125, 0-2246-9140

24 Aekaphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng,
Bangkok 10400, Thailand

Tel. [+66] 2692-0869-73 Fax [+66] 2246-9125, 2246-9140