



KTIS
More Than Sugar

ANNUAL REPORT 2017

รายงานประจำปี 2560



**Sustainability
through value creation**



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Corporate Philosophy

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

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.

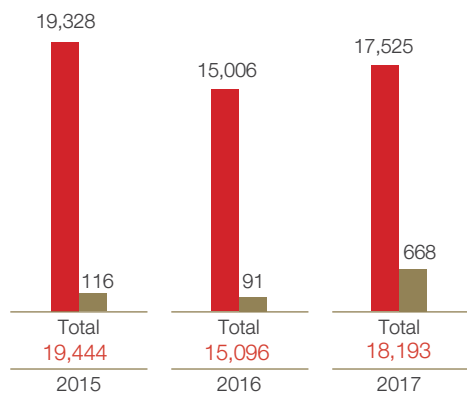
Financial Hilight

	2015	2016	2017
Income Statements (Million Baht)			
Sales & Services Revenues	19,328	15,006	17,525
Sugar	14,352	10,888	13,062
Molasses	766	448	443
Compensation for Cane and Sugar Fund	222	17	-
Electricity	538	700	584
Ethanol	1,639	1,634	1,654
Pulp	1,305	896	1,261
Others	505	422	521
Other Income	116	91	668
Total Revenues	19,444	15,096	18,193
Net Profit	730	(513)	645
Balance Sheet (Million Baht)			
Total Assets	18,793	16,052	17,816
Current Assets	5,578	4,218	6,201
Non-Current Assets	13,215	11,835	11,615
Total Liabilities	10,101	8,231	9,704
Current Liabilities	4,949	3,643	5,584
Non-Current Liabilities	5,152	4,588	4,120
Total Shareholders's Equities	8,692	7,822	8,112
Ratio (Times)			
Current Ratio	1.13	1.16	1.11
D/E	1.16	1.05	1.20

3 Years Financial Hilight

Total Revenues

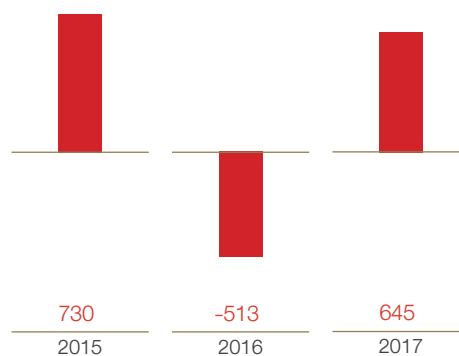
Unit: Baht million



■ Sales & Services Revenues ■ Other Income

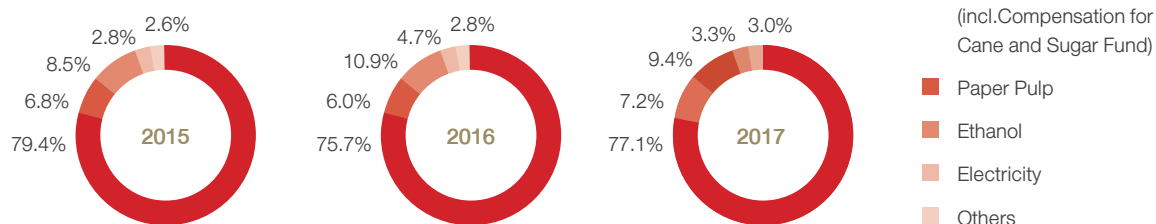
Net Profit

Unit: Baht million



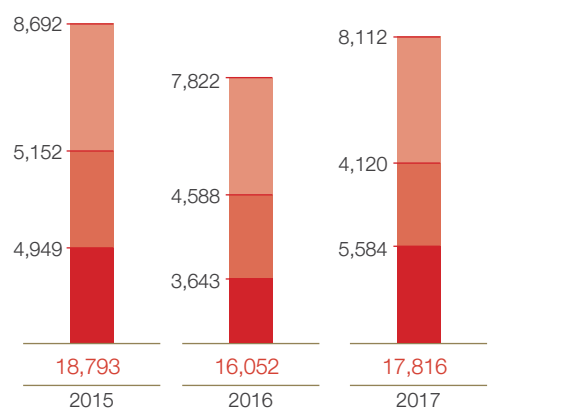
■ Net Profit

Sales & Service Revenue



Balance Sheet

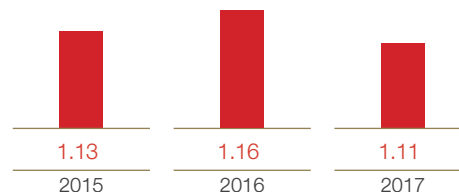
Unit: Baht million



■ Current Liabilities ■ Non-Current Liabilities ■ Shareholders' Equities

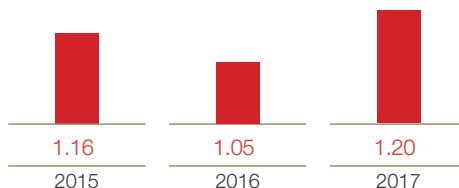
Current Ratio

Unit: Times



D/E Ratio

Unit: Times





General Information and Other Information

Company 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
Email	: 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

Sugar Business:	: Production and distribution of sugar
Business Type	: 1,215,000,000 Baht
Registered 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 บาท
Paid-up Share Capital	: 2,000,000 บาท
BKK office	: 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

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 บาท
Paid-up Share Capital	: 2,000,000 บาท
BKK office	: 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

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

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
BKK office (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 : KTIS Bio Fertiliser 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 : KTIS Bioethanol 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
BKK office (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
Head 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	: 50,000,000 Baht
Paid-up Share Capital	: 12,500,000 Baht
Head office	: 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

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) 2009-9000
Facimile : (66) 2009-9991
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
โทรสาร : (66) 2009-9991
SET Contact Center : (66) 2009-9999
Email : SETCallCenter@set.or.th
website : 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
website : www.set.or.th/tsd

Auditor

EY Office Limited

137-136/193 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
website : www.ey.com

Legal Advisor

Kudan and Partners Co.,Ltd

127 Gaysorn Tower,
23th Floor, Unit Ratchdamri Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand

Telephone : (66) 2838-1750
Facimile : (66) 2838-1795





Messages from the Chairman

Although there are tensions in the Korean Peninsula, Conflicts in the Middle East, the threat of terrorism in European countries, but the growth of the global economy trend to recover, perceiving from the figures of GDP, exports, inflation rates, consumer confidence in USA, EU countries. China and Japan which all increased steadily.

Thailand's economy is likely to grow slowly. Seen from the increasing in export and import sector, higher tourism, the government and private investment grew up so that the GDP growth this year is expected to increase to 3.6 to 3.7%. Even though private consumption was slowing as income from agriculture was shrinking due to the low commodity prices, the business confidence index of entrepreneurs still increased, through good operating performance of almost all business sectors. The trade balance and the balance of payments were in strong position that makes the credibility of Thai Baht to investors from foreign countries and exchange rate appreciation against the USD. Meanwhile, the government announced that they will hold an election in November 2018, which is the driven force behind the increasing confidence on the politics of the country. Moreover, It also has pushed Eastern Economic Corridor (EEC) into an international strategic plan under the Thailand 4.0 with the aims to level up these areas to be World Class Economic Zone. It is believed that this project will induce tremendous investments, employment and tourism to Thailand.

The structural change in cane and sugar system will have a significant impact on sugar and sugarcane industry in Thailand, particularly the abolition of Quota A will result in domestic free trade competition. KTIS group need to develop itself for the better product quality service and new product development since the country output is about 10 million tons, but domestic demand is only about 2.6 million tons so all the sugar mills have to keep the domestic market share seriously while the world sugar market price is likely to decline from the beginning of the year, so the sugar business have to develop their own strength to cope with future changes.

Business outlook for ethanol still has a good future. Although manufacturers have increased, the demand for ethanol in the country also increased in the same direction. The pulp business continues to perform satisfactorily, particularly the demand of pulp mold products increase rapidly. The power plant is expected to perform well consistently as each plant could supply enough fuel. Soil conditioning products business gains the popularity among cane farmers.

KTIS group has extensive experience in cane and sugar industry for more than decades in promoting, planting of sugar cane, producing sugar and developing to energy, pulp paper and more. Under the development in innovation and technology advancements lead KTIS group to continuous growth and sustainability. There are a lot of research projects on hand as well as many loyal and qualified personnel and lands for the future business opportunity and expansion with environment and society oriented vision.

I would like to thank our Shareholders, Directors, Executives, Employees, Partners, Government Agencies, Banks and Enterprises both domestic and foreign affairs who have consistently supported and believed that KTIS group will be the organization that create value and develop the prosperity of the nation.



Mr. Pricha Attavipach
Chairman

Messages from the Chief Executive Officer – KTIS Group

Thank you for all Shareholders, Directors, Employees, Cane Farmers, Government Agencies and Trading Partners who play the important roles for the growth and sustainability of KTIS group until today.

For the Operating results of 2017 compared to last year, the total sugarcane of our group was 8.7 million tons, increased by 1.2 million tons. And the output of total sugar was 940,000 tons, increased by 220,000 tons. They contributed significantly to the well operating results together with the sugar prices in the world market rose up to a certain good level.

Meanwhile, the operating results of ethanol business was still good, the electricity business was better and the price and demand of pulp and paper business and its pulp mold products were higher. They supported firmly to KTIS Group's overall performance. The soil conditioning products business has also improved nutrition and convenient equipment applied in the sugarcane fields which increased the demand for its products at a satisfactory level and expected to have progressive performance in the following year.

In 2018 the global market situations, which have an impact on cane and sugar business, is forecast that sugar production increase worldwide and would be more than the consumption. Moreover EU countries would restart sugar exporting, then the surplus will be at around 3-5 million tons. On the other hand, there are positive factors that Brazil would reduce sugar production mainly due to lower cane volume. And Brazilian producers might increase ethanol production ratio, because of higher ethanol price. At the same time, importing demand in Asian countries i.e. China, Indonesia, Japan and others etc. are still high and Thailand has a competitive advantage in terms of logistics, as a major exporter in this area.

Domestic situation outlook, Cane and Sugar act might be amended in order to manage the issues between Brazil and Thailand which had been raised to WTO. This would include the cancellation of domestic selling quota of sugar and will be required to have the buffer sugar stock in order to prevent domestic shortages. Nevertheless, KTIS group has well plans and strategies to cope with such situations to prevent and minimize any impact to our customers. We quite believe that the cane and sugar industry will have good progressive development continuously.

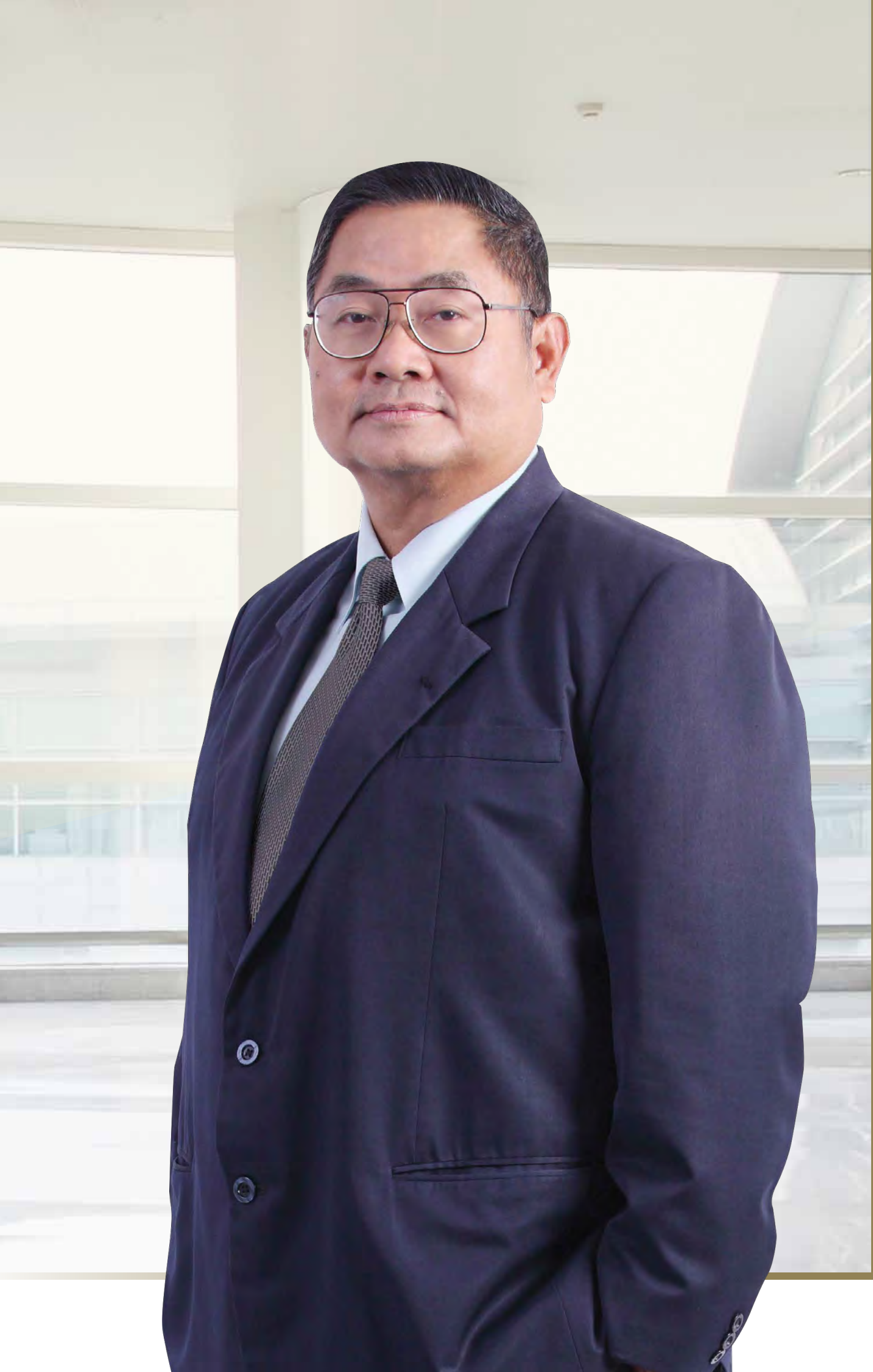
For the Innovation and business development, KTIS group has established many research projects such as The Improvement and Development of Sugarcane Varieties Project that suit the local environment. Sugarcane Varieties for Early Harvest Project that give higher yield and sweetness, Energy Saving Projects in factory, Information Technology Projects, The Projects of Sugar Development Products, and The Research for Utilization of Industry Waste to be value added products etc. Additionally, a lot of knowledge and know-how of efficient planting technologies to increase cane yield and researched agricultural equipment are transferred to educate our cane farmers so that they could get the lowest cost of production with the community environment oriented.

About the environmental responsibility and community, KTIS group has invested and developed many machines to reduce and protect the environmental pollution for all factories including adjusting scenery around the plant and community, cooperation with local school for the program of natural enemies project instead of using chemicals for the cane fields, the campaigns to promote fresh cane cutting to prevent burnt cane by supporting the cane harvester machines and also reduce the problem of labor shortage to cut sugarcane in certain areas, etc.

Finally, we have confidence that KTIS Group will grow sustainably and be part of all organization to develop business, contribute to societies, provide career opportunities and create prosperity to Thailand and global market.



Mr. Parphan Siriviriyakul
Chief Executive Officer – KTIS Group



Board of Directors



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

Director
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



8. Mr.T-rayooth Changpetch

Independent Director
Chairman of Risk Management Committee
Audit Committee

9. Mr.Issakan Krivitthaya

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.Kunihiko Tahara

Director

13. Mr.Apichart Noochprayoon

Director

14. Miss Chua Eng Eng

Director

15. Mr.Sirapak Siriviriyakul

Director

Directors and Management Biography

Name Mr.Pricha Attavipach

Age 79 (Year)

Position

- › Chairman
- › Authorized Director

Education/Training with IOD

- › Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- › Master of Engineering (Industrial Engineering & Management), Oklahoma State University
- › Director Certification Program (DCP 39/2004)
- › Audit Committee Program (ACP 11/2006)
- › Finance for Non-Finance Director (FND 8/2004)

Shareholding (%) 0.15

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	Chairman	Kaset Thai International Sugar Corporation Pcl.
Present	Chairman	T S Flour Mill Pcl.
Present	Director	Thai Sugar Terminal Pcl.
Present	Director	Thai Rung Union Car Pcl.
Present	Chairman	Siam Cement Pcl.
Current Positions in other 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	KTIS Bioethanol Co., Ltd.
1993 – Present	Director	H.C. Starck Co., Ltd.
Past Experiences		
2000 – 2014	Chairman	Ruamkij Angthong Warehouse Co., Ltd.
2008 – 2013	Chairman	Kaset Thai Sugar Industry Co., Ltd.



Name Mr.Sirivuthi Siamphakdee

Age 74 (Year)

Position

- › Director
- › Chairman of Executive Committee
- › Chief Financial Officer
- › Risk Management Committee
- › Authorized Director

Education/Training with IOD

- › Bachelor of Commerce, Banking and Finance, Thammasat University
- › Director Accreditation Program (DAP 54/2006)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other 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.
Current Positions in other 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.
2011 – Present	Chairman	KTIS Bio Fertiliser Co., Ltd.
2007 – Present	Director	KTIS Bioethanol Co., Ltd.
Past Experiences		
2014 – 2016	Chairman	Legal Entity of Liberty Plaza Bldg.
2010 – 2014	Chairman	Legal Entity of Liberty Plaza Bldg.
2010 – 2013	<ul style="list-style-type: none"> › Director › Chairman of Executive Committee 	Kaset Thai Sugar Industry Co., Ltd.
2007 – 2012	Managing Director	KTIS Bioethanol Co., Ltd.

Name Mr.Parphan Siriviriyakul

Age 65 (Year)

Position

- › Director
- › Chief Executive Officer
- › Risk Management Committee
- › Authorized Director

Education/Training with IOD

- › Honorary Bachelor of Arts, Nakhon Sawan Rajabhat University
- › Director Accreditation Program (DAP 96/2012)

Shareholding (%) 0.00

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 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	› Director › Chief Executive Officer › Risk Management Committee	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-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
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.
2011 – Present	Director	KTIS Bio Fertiliser 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.



Past Experiences		
Period	Position	Company
Current Positions in other non-listed companies		
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	KTIS Bioethanol 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.
Past Experiences		
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 53 (Year)

Position

- › Director
- › Deputy to Chief Executive Officer
- › Risk Management Committee
- › Authorized Director

Education/Training with IOD

- › 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
- › Director Accreditation Program (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 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other 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.
Current Positions in other 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.
Present	Director	KTIS Bioethanol 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	Permsinattana 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	KTIS Bio Fertiliser Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2008 – Present	Independent Director	King Wan Corporation Limited (Singapore)



Period	Position	Company
Past Experiences		
2012 – 2013	<ul style="list-style-type: none"> › Director › Chief Executive Officer – Bio Energy & Product 	Kaset Thai Sugar Industry Co., Ltd.
2015	Director	Nakhonsawan Agriculture Co., Ltd.
2009 – 2015	Director	New Thai Identity Co., Ltd.
2009 – 2015	Director	New Ruampol Co., Ltd.

Name Ms.Darat Vibhatakalasa

Age 64 (Year)

Position

- › Director
- › Deputy to Chief Executive Officer
- › Nomination and Remuneration Committee
- › Authorized Director

Education/Training with IOD

- › 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
- › Director Accreditation Program (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

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other 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.

Period	Position	Company
Current Positions in other non-listed companies		
<u>Private Sector</u>		
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
1995 – Present	Deputy Managing Director	Ruampol Enterprise Co., Ltd.
1983 – Present	Executive Committee	Thai Identity Sugar Co., Ltd.
<u>Education Sector</u>		
2016 – Present	Director	Promoting University committee, Naresuan University
2016 – Present	Qualified Member	Education committee , Nakhon Sawan
1998 – Present	Vice President for Management	Chaopraya University
1990 – Present	Chairman	Viriyalai Nakhonsawan Vocational College
<u>Academic Sector</u>		
2011 – Present	Advisor	The Prime Minister Office (People's Representative)
<u>Economic Sector</u>		
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.)
<u>Administrative Sector</u>		
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
<u>Social Sector</u>		
2008 – Present	Advisor	Chulalongkorn University Alumni Association of Nakhonsawan Chapter

Period	Position	Company
Past Experiences		
2013 – 2015	Executive Committee	Association of Private Higher Education Institutions of Thailand Under the Patronage of Her Royal Highness Princess Maha Chakri Sirindhorm (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
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
1992 – 2006	Director	Cane and Sugar Board
1990 – 1991	President	Provincial Red-cross of Phrae
1991 – 1993	President	Provincial Red-cross of Maha Sarakham

Name Mr. Prasert Siriviriyakul

Age 59 (Year)

Position

- › Director
- › Deputy to Chief Executive Officer
- › Risk Management Committee
- › Authorized Director

Education/Training with IOD

- › Doctor of Dental Surgery, Chulalongkorn University
- › Mini MBA, Thammasat University
- › Director Accreditation Program (DAP 96/2012)

Shareholding (%) 0.153

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 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2016 – Present	Deputy to Chief Executive Officer	Kaset Thai International Sugar Corporation Pcl.
2013 – Present	› Director	Kaset Thai International Sugar Corporation Pcl.
	› Risk Management Committee	
Current Positions in other 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 Biogas 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.
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	KTIS Bioethanol 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	KTIS Bio Fertiliser Co., Ltd.
2010 – Present	Director	Kaset Thai Bio Power Co., Ltd.
2010 – Present	Director	Jaroon Hatai Ek Holding Co., Ltd.
Past Experiences		
2013 – 2016	Chief Executive Officer-Cane and Sugar	Kaset Thai International Sugar Corporation Pcl.
2012 – 2013	› Director	Kaset Thai Sugar Industry Co., Ltd.
	› Chief Executive Officer -Cane and Sugar	
2010 – 2012	› Director	Kaset Thai Sugar Industry Co., Ltd.
	› Deputy Managing Director	



Name Mr.Krairit Nilkuha

Age 66 (Year)

Position

- › Independent Director
- › Chairman of Audit Committee

Education/Training with IOD

- › Master of M.Sc. (Petroleum Engineering), New Mexico Institute of Mining and Technology, USA
- › B-B.Sc. in Mechanics Engineering, Kasetsart Universit
- › Diploma, the National Defense Course, Class 48 (2005), National Defence College
- › Senior Executive Program, Batch#8, Capital Market Academy
- › Director Accreditation Program (DAP 53/2006)
- › Audit Committee Program (ACP 24/2008)
- › Understanding the Fundamental of Financial Statements (UFS 6/2006)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 3 year 10 months (Appointed on 26 February 2014)

Period	Position	Company
Current Positions in other listed companies		
2014 – Present	<ul style="list-style-type: none">› Independent Director› Chairman of Audit Committee	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies		
2000 – Present	Chairman	Technical Petroleum Training Institute Foundation
Past Experiences		
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 61 (Year)

Position

- › Independent Director
- › Audit Committee

Education/Training with IOD

- › 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
- › Director Accreditation Program (DAP 35/2009)
- › Audit Committee Program (ACP 13/2013)

Shareholding (%)

None

Family Relationship among Company's Directors

None

Period of Directorship

4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	› Independent Director › Audit Committee	Kaset Thai International Sugar Corporation Pcl.
2009 – Present	› Independent Director › Chairman of Audit Committee	Surapon Foods Pcl.
Current Positions in other non-listed companies		
2015 – Present	› 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	Member of Sub-committee : Promotion and Incubation of Enterprises and Intellectual Property Management in Higher Education Institutions (UBI)	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.

Period	Position	Company
Past Experiences		
2012 – 2015	<ul style="list-style-type: none"> › Independent Director › Chairman of Audit › Risk Management Committee 	Gunkul Engineering Pcl.
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	<ul style="list-style-type: none"> › Independent Director › Audit Committee 	Kaset Thai Sugar Industry Co., Ltd.
2009 – 2013	<ul style="list-style-type: none"> › Special Qualified Directors › Faculty of Business Administration 	Rajamangala University of Technology Thanyaburi
2009 – 2011	<ul style="list-style-type: none"> › Independent Director › Chairman of Audit Committee 	Interlink Communication Pcl.
2008 – 2012	<ul style="list-style-type: none"> › Independent Director › Audit Committee 	Gunkul Engineering Pcl.
2006 – 2009	<ul style="list-style-type: none"> › Independent Director › Chairman of Audit Committee 	Asia Fiber Pcl.
2005 – 2015	<ul style="list-style-type: none"> › 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 75 (Year)

Position

- › Independent Director
- › Chairman of Risk Management Committee
- › Audit Committee

Education/Training with IOD

- › Bachelor of Laws, Thammasat University
- › Director Accreditation Program (DAP 97/2012)
- › Audit Committee Program (ACP 41/2012)
- › Monitoring Fraud Risk Management (MFM 8/2012)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	<ul style="list-style-type: none"> › Independent Director › Chairman of Risk Management Committee › Audit Committee 	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies : None		
Past Experiences		
2012 – 2013	<ul style="list-style-type: none"> › Independent Director › Audit Committee 	Kaset Thai Sugar Industry Co., Ltd.

Name Mr.Issakan Krivitthaya

Age 74 (Year)

Position

- › Independent Director
- › Chairman of Nomination and Remuneration Committee
- › Risk Management Committee

Education/Training with IOD

- › 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.
- › Director Accreditation Program (DAP 97/2012)
- › Audit Committee Program (ACP 41/2012)
- › Monitoring Fraud Risk Management (MFM 8/2012)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	<ul style="list-style-type: none"> › Independent Director › Chairman of Nomination and Remuneration Committee › Risk Management Committee 	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies : None		
Past Experiences		
2012 – 2013	Independent Director	Kaset Thai Sugar Industry Co., Ltd.

Name Mr. Phoonsak Boonsalee

Age 69 (Year)

Position

- › Independent Director
- › Nomination and Remuneration Committee

Education/Training with IOD

- › Doctor of Arts (Business Administration), Chaopraya University
- › M.A. (PHILOSOPHY) , Kasetsart University
- › MBA.(Management) Eastern Asia University
- › D.B.A (Honorary degree) Human Resource Management ,Uttaradit Rajabhat University
- › Director Accreditation Program (DAP 97/2012)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2016 – Present	› Director › Chairman of Executive Committee	Saksiam Leasing Pcl.
2013 – Present	› Independent Director › Nomination and Remuneration Committee	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies : None		
Past Experiences		
1995 – 2016	› Director › Chief Executive Officer	Saksiam Commercial Leasing Co., Ltd.
2012 – 2013	Independent Director	Kaset Thai Sugar Industry Co., Ltd.

Name Mr.Kunihiko Tahara

Age 41 (Year)

Position

- › Director
- › Assistant to Chief Executive Officer
- › Assistant to Chief Financial Officer

Education/Training with IOD

- › Faculty of Economics , Hitotsubashi University
- › Director Accreditation Program (DAP 135/2017)

Shareholding (%) None

Family Relationship among Company's Directors None

Period of Directorship 7 months (Appointed on 12 May 2017)

Period	Position	Company
Current Positions in other listed companies		
2017 – Present	> Director > Assistant to Chief Executive Officer > Assistant to Chief Financial Officer	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies : None		
Past Experiences		
2016 – Present	Assistant to General Manager, Grain Oils & Sweeteners Dept.	Sumitomo Corporation Ltd.
2011 – 2016	Assistant to General Manager, Sweeteners & Beverages Dept.	Sumitomo Corporation Ltd.
2010 – 2011	Assistant to General Manager, Grain & Sweeteners Dept.	Sumitomo Corporation Ltd.
2009 – 2010	Senior Staff of Grain & Sweeteners Dept. (London)	Sumitomo Corporation Ltd.
2005 – 2009	Sales Manager	Sumitomo Corporation Ltd.
2004	Staff Member of Sweeteners & Beverages Dept.	Sumitomo Corporation Europe Ltd. (London)
2002 – 2004	Staff Member of Coffee & Alcoholic Beverages Dept.	Sumitomo Corporation Ltd.
2000 – 2002	Staff Member of Food Dept., No.2 (Tokyo)	Sumitomo Corporation Ltd.

Name Mr.Apichart Noochprayoon

Age 45 (Year)

Position

- > Director
- > Chief Executive Officer–Bio
- > Assistant to Chief Executive Officer
- > Authorized Director

Education/Training with IOD

- > Bachelor of Economics (International Economics), Chulalongkorn University
- > Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- > Director Accreditation Program (DAP 96/2012)

Shareholding (%) 0.000

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)



Period	Position	Company
Current Positions in other 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.
Current Positions in other 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.
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.
Past Experiences		
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 47 (Year)

Position

- › Director
- › Authorized Director

Education/Training with IOD

- › Bachelor of Arts in Economics, National University of Singapore

Shareholding (%) 0.558

Family Relationship among Company's Directors None

Period of Directorship 4 year 11 months (Appointed on 29 January 2013)

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	Director	Kaset Thai International Sugar Corporation Pcl.
2000 – Present	Managing Director	King Wan Corporation Pte. Ltd.
Current Positions in other non-listed companies		
Present	Director	Eppco Intertrade Co., Ltd.
Present	Director	Siri Charoen Sapraiwan 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.
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.
Past Experiences		
2004 – 2014	Director	KTIS Bioethanol Co., Ltd.
2003 – 2014	Director	Environment Pulp and Paper Co., Ltd.

Name Mr. Sirapak Siriviriyakul

Age 33 (Year)

Position

- › Director
- › Authorized Director
- › Assistant Director – CEO Office

Education/Training with IOD

- › 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

2 year 7 months (Appointed on 14 May 2015)



Period	Position	Company
Current Positions in other listed companies		
2015 – Present	> Director > Assistant Director – CEO Office	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies		
2016-Present	Director	Siri Charoen Export Co., Ltd.
2016-Present	Director	Thai Identity Sugar Co.,Ltd
2016-Present	Director	Environment Pulp and Paper Co.,Ltd
2016-Present	Director	KTIS Bioethanol Co.,Ltd
2016-Present	Director	Kaset Thai Bio Power Co.,Ltd
2016-Present	Director	KTIS Bio Fertiliser 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	Phuket Pearl Resort 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.
Past Experiences		
2015 – 2017	Director	Phoomlert Business Co., Ltd.

Name Mrs.Nomchit Acaramekin

Age 58 (Year)

Position

- > Director – Accounting Department

Education/Training with IOD

- > Bachelor of Accounting, Bangkok University

Shareholding (%) None

Family Relationship among Company's Directors None

Period	Position	Company
Current Positions in other listed companies		
2012 – Present	Director –Accounting Department	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies : None		
Past Experiences		
2008 – 2012	Assistant to General Manager	Kaset Thai Sugar Industry Co., Ltd.

Name Mr.Suchart Pipattanachaiyapong

Age 55 (Year)

Position

- › Company Secretary

Period of Directorship

- › 14 May 2013

Education/Training with IOD

- › MBA, Ramkhamhaeng University
- › Bachelor of Business Administration ,Assumption University
- › Company Secretary Program (CSP 53/2013)
- › Board Reporting Program (BRP 12/2013)
- › Effective Minute Taking (EMT 30/2014)
- › Company Reporting Program (CRP 8/2014)

Shareholding (%) 0.00

Family Relationship among Company's Directors None

Period	Position	Company
Current Positions in other listed companies		
2013 – Present	Company Secretary	Kaset Thai International Sugar Corporation Pcl.
Current Positions in other non-listed companies		
Present	Director	Kaset Thai Bio Power Co., Ltd.
Present	Director	KTIS Bio Fertiliser Co., Ltd.
Past Experiences		
1996 – 2013	Factory Manager	Kaset Thai Sugar Industry Co., Ltd.
2005 – 2013	Factory Manager	KTIS Bioethanol 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	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			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				
Siam P.P. International Co., Ltd.					I, V											



Company	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Related Company																
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										
Ruam Toon Trading Nakornsawan Co., Ltd.						I, V										
Siri Charoen Export Co., Ltd.											I, V					
Siri Charoen Sapraiwat Co., Ltd.	X, V										I, 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					
Suerb Sirisawat Co.,Ltd.						I, V					I, V					
Agro Ethanol Co.,Ltd.											I, V					
PC 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. Ms.Darat Vibhatakalasa
 4. Mr.Sirivuthi Siampakdee
 5. Mr.Nutthapun Siriviriyakul
 6. Mr.Prasert Siriviriyakul
 7. Mr.T-rayooth Changpetch
 8. Mr.Sathaporn Kotheeranurak
 9. Mr.Issakan Krivithaya
 10. Mr. Phoosak Boonsalee
 11. Mr.Sirapak Siriviriyakul
 12. Mr.Apichart Noochprayoon
 13. Mr.Kunhiko Tahara
 14. Ms. Chua Eng Eng
 15. Mr.Krairit Nilkuha
 16. Mrs.Nomchit Acrameakin

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 KTBE and uses molasses derived from the group's sugar factories as a primary raw material. At present, KTBE 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, TEP and RPBP have also been established to operate the 60MW, 50MW and 50MW biomass power plant which are currently in commercial operation.

(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 2 types of bio soil conditioner products: powder and pellet.

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

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.

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 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 Permsinpattana 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. 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. 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 on 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.

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.

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 2017

On January 23, 2017, the Company signed a Memorandum Of Agreement in supporting cooperation of Bio economy under the Pracharath Project for the development of industrial clusters to New S-Curve led by the Ministry of Industry, private sector, academic and research institutions in total 23 organizations.

On April 5, 2017, the Company signed an cooperative agreement with National Science and Technology Development Agency (NSTDA.), Ministry of Science and Technology, other related government agencies, private sector, academic and research institutions in total 50 organizations for supporting the development of Eastern Economic Corridor of Innovation : EEC.

On April 26, 2017, the Company signed a Memorandum Of Agreement with Kasetsart University in the Collaborative research and development projects for sugar cane and sugar industry and their byproducts

On May 23, 2017, Kaset Thai Bio fertilizer Co., Ltd. (a subsidiary) changed its name to KTIS Bio Fertiliser Co.,Ltd.

On June 27, 2017, Ekarat Pattana Co., Ltd. (a subsidiary) changed its name to KTIS Bioethanol Co.,Ltd.

On August 1, 2017, the Company signed a Memorandum Of Agreement with Global Green Chemicals Plc. for the technology cooperation under “The research and development cooperation”.

On August 25, 2017, the Company signed a Memorandum Of Agreement with King Mongkut’s University Of Technology North Bangkok in the Collaborative research and development projects for sugar cane and sugar industry and their byproducts.

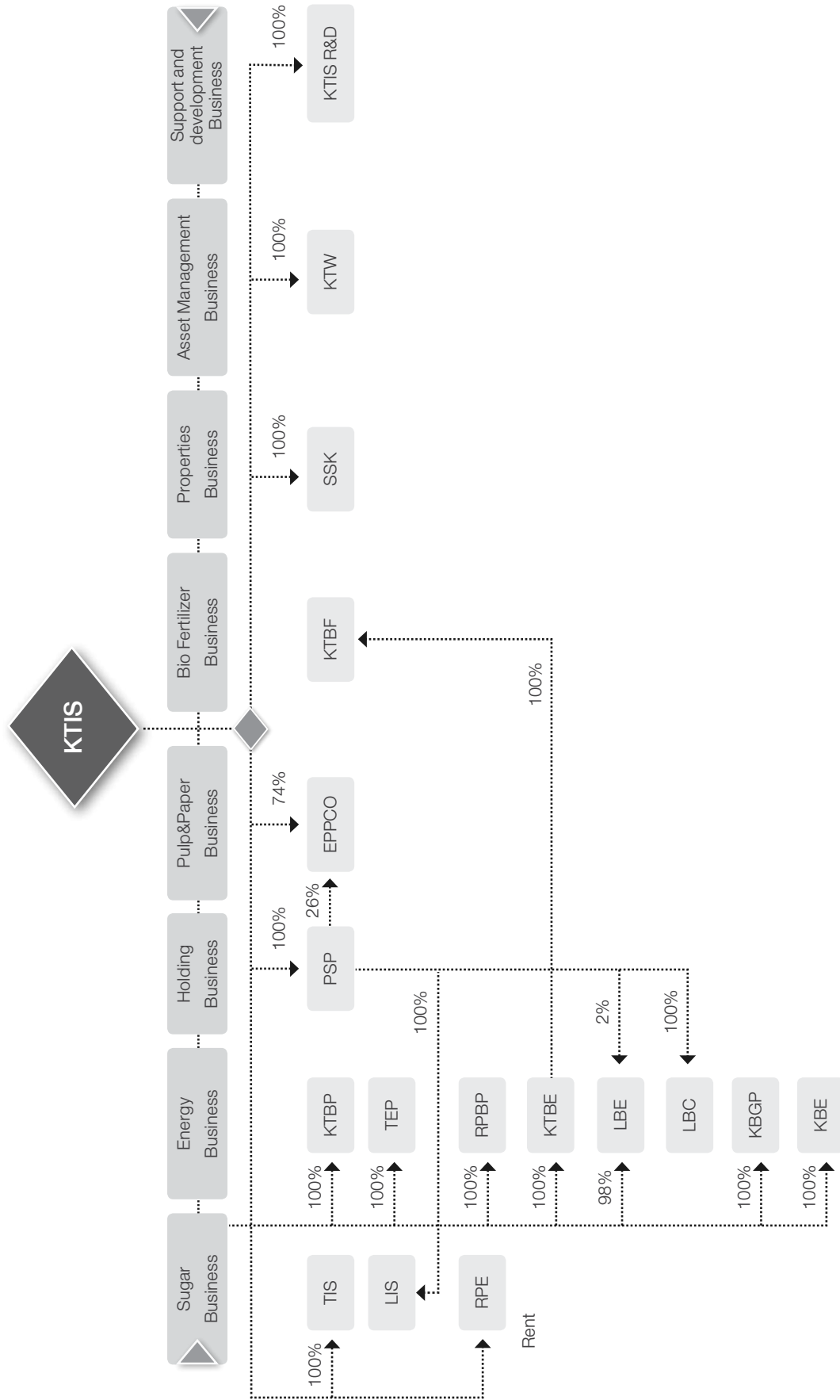
Presently, the Company had invested in 16 subsidiaries and leases fixed assets from Ruampol Enterprise Co., Ltd.(RPE) as detailed following : (As at 31 December 2017)

Subsidiary	Type of Business	Shareholding (%)
Thai Identity Sugar Factory Co., Ltd.(TIS)	Sugar production and distribution to domestic and international markets	100.0
KTIS Bioethanol Co., Ltd.(KTBE)	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
KTIS Bio Fertiliser Co., Ltd.(KTBF)	Production and distribution of bio soil conditioner products	100.0 through KTBE
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 ²
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.

² Directly holds 98.0% of the total shares and directly holds 2.0% of the total shares through Permsinpattana Co., Ltd.

Corporate Business Structure (As at 31 December 2017)



Nature of Business

1. Revenue Structure

In 2017, Sugar and molasses revenue was 77.1% of the total revenue, another 22.9% of the total revenue was from downstream businesses such as pulp paper, electricity and ethanol etc. Details for 3 years were as follows:

	2015		2016		2017	
	Revenue (MB)	Percentage ¹	Revenue (MB)	Percentage ¹	Revenue (MB)	Percentage ¹
1. Sugar and molasses sales revenue						
Domestic	6,404.8	33.1	5,261.9	35.1	5,326.6	30.4
International	8,713.5	45.1	6,074.1	40.5	8,178.0	46.7
Benefit from production and distribution of sugar	222.4	1.2	17.0	0.1	-	0.0
Total sugar and molasses sales revenue	15,340.6	79.4	11,353.0	75.7	13,504.6	77.1
2. Pulp sales revenue						
Domestic	323.8	1.7	220.8	1.5	259.6	1.5
International	981.7	5.1	675.4	4.5	1,001.2	5.7
Total pulp sales revenue	1,305.5	6.8	896.1	6.0	1,260.8	7.2
3. Ethanol sales revenue						
Domestic	1,638.6	8.5	1,634.4	10.9	1,654.2	9.4
International	0.0	0.0	-	0.0	-	0.0
Total ethanol sales revenue	1,638.6	8.5	1,634.4	10.9	1,654.2	9.4
4. Other sales revenue						
Electricity sales revenue	538.3	2.8	699.6	4.7	583.7	3.3
Revenue from other sales and services	505.2	2.6	422.5	2.8	521.4	3.0
Total other sales revenue	1,043.6	5.4	1,122.1	7.5	1,105.1	6.3
Total revenue	19,328.2	100.0	15,005.6	100.0	17,524.6	100.0

Source: The Company's financial statements.

2. Nature of Business

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

² Polarization is the apparent sucrose content of sugar i.e. sugar with 99.5% polarization value has 99.5% of sucrose in its mass content. A higher level polarization means higher sucrose content or higher level of sugar quality .

(1) Raw Sugar

Raw sugar crystals are dark brown in color and the color index of raw sugar ranges from 1,001 – 3,800 ICUMSA¹. 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.

(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.

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 33.8% of the global output in the production year 2016/2017. 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 significant 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.

(2) Low Sugar Production in EU Countries, but restart sugar export from 2017

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, EU's revised sugar Quota system and it limit sugar production and export. However from October 2017, this system was de-regulated and expected that EU's 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.

(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 2016/2017, the global sugar output was forecast at approximately 178.4 million tons. Although it was increasing from 2015/2016 at 174.2 million tons, still lower than 2014/2015 at 180.7 million tons. Then the global sugar supply/demand balance was deficit for consecutive two years. As a result, the sugar stock level become critical low especially in India. And the global sugar price was in uptrend in the early 2017. However due to good crop forecast in 2017/2018, the price headed to downside in the latter half of the year.

In 2017/2018 the global supply/demand balance will turn to surplus. Although Centre/South Brazil's crop is expected to be smaller mainly due to old average cane age, Northern Hemisphere like India, Thailand and EU are expected be good crop. Then the global sugar output is forecast to increase to 191.4 million tons. On the other hand, the consumption should also continue to grow to 184.2 million tons, but the speed will be slower than production increases. Then the world supply/demand is expected to be surplus for the first time in three years.

Source: LMC International, International Sugar and Sweeteners Report, Vol.149 No 27.

In the production year 2016/2017, Thailand produced 10.02 million tons of sugar while the domestic demand was only 2.65 million tons, leading to the excess of 7.37 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 2016/2017, Thailand have 54 sugar mill and recorded the total sugar output of 10.02 million tons as shown below:

Producer	Number of Sugar Factory of Each	Sugar Output (Ton)	Market Share (%)
Mitr Phol Sugar Group	6	1,975,406.506	19.71
Thai Roong Ruang Sugar Group	9	1,576,872.714	15.74
KTIS Group	3	937,364.395	9.35
Khon Kaen Sugar Group	5	724,549.240	7.23
Cristalla Sugar Group	3	543,305.766	5.42
Korat Industry Sugar Group	2	488,957.440	4.88
Banpong Sugar Group	2	440,446.750	4.40
Wangkanai Sugar Group	4	385,972.230	3.85
Kumphawapi Sugar Group	2	279,863.896	2.79
Thai Kanchanaburi Sugar Group	2	271,525.903	2.71
Khonburi Sugar Group	1	267,958.935	2.67
Mitr Kaset Sugar Group	2	225,398.463	2.25
Others	13	1,903,267.610	19.00
Total	54	10,020,889.848	100.00

Source: 2016/2017 Cane and Sugar Production Report as of the End of Cane-Crushing Period (Updated as of June 6, 2017.), 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 planned 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.

(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.

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						
	2015 (Sales Record)		2016 (Sales Record)		2017 (Sales Record)	
	Quantity ¹ (ton)	%	Quantity ¹ (ton)	%	Quantity ¹ (ton)	%
Beverage Industry	93,879.85	44.8	85,775.61	41.98	80,532.95	51.42
Food Industry	27,758.15	13.2	41,643.82	20.38	23,123.70	14.76
Dairy Products Industry	87,244.15	41.6	76,384.19	37.38	52,929.30	33.80
Candy	744.00	0.4	527.00	0.26	30.00	0.02
Total	209,626.15	100.00	204,330.62	100.00	156,615.95	100.00

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



(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

As the world economic started to recover gradually in 2017, the pulp and paper industry got positive effect particularly the increase in pulp price even through the oversupply situation still existed. From Q1 to Q4/2017, the long fiber pulp price also increased about 320 USD per tons, while the short fiber pulp increased about 260 USD per tons.

1.1) Selling Price of Pulp in December 2017

In Chinese market, the selling price of long fiber pulp increased from USD 570-590 per Ton in December 2016 to USD 890-910 per ton in December 2017. The price of short fiber pulp increased from USD 500-510 per ton in December 2016 to USD 760-770 per ton in December 2017. For other East Asian markets, the price of long fiber pulp increased from USD 565-580 per ton in December 2016 to USD 810-850 per ton in December 2017, while the short fiber pulp increased from USD 510-525 per ton in December 2016 to USD 725-760 per ton in December 2017.

Source: PPI ASIA’s report as of 22 December 2017

1.2) 2018 Global Market Outlook

In 2018, the pulp and paper industry situation trends to grow from the world economic recovery, especially the packaging products made from paper. Although the oversupply situation of pulp & paper caused the slow increase in price but it is forecasted that the production growth and environmental policies of China that did not allow import of low quality paper scraps as such materials caused many wastes and hard to get rid of, will increase the consumption for pulp paper particularly Bleached Eucalyptus Wood Pulp, and price would be better. The investment to expand the short fiber Eucalyptus pulp production in South America was approximately 1.95 million tons, and the demand for the pulp paper will increase gradually in Q2-Q3/2018 as the producers deliberately adjust the price thru time.

It is forecasted that the demand of pulp paper will increase, but the oversupply existed to the end of 2017, so the price will gradually increase but not much.

(2) The Country Situation.

On Q3/2017 the pulp, paper and publication industry compared to the same quarter of the previous year found that the productivity of printing paper, cardboard paper and Kraft paper rose from the consumption of ongoing industries increased to serve for the growth of other main industries i.e. food, beverage, cosmetics and medical drugs etc.

2.1) Production Situation on Q3/2017

When compared to Q2/2017 It showed that the production index of cardboard, Kraft paper, and corrugated paper increased 14.82, 0.70, and 1.87 percent respectively and compared to the same period of previous year, the production index of writing paper, cardboard, and Kraft paper increased 3.09, 9.90, and 3.74 percent respectively. All the products are used for the Continuing industries mainly i.e. food, beverage, cosmetics and medical drugs etc. including the increase of packaging products.

2.2) Export Situation of pulp and printing paper on Q3/2017

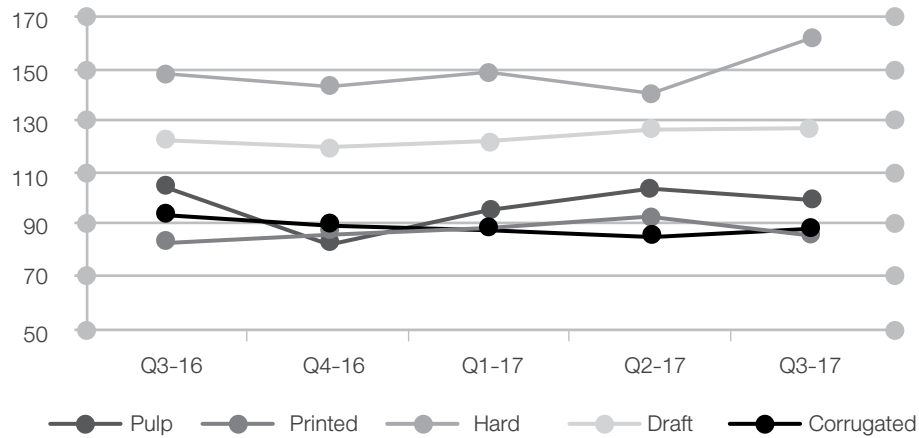
The export value amounted to USD 492.36 million reduced 0.47% from Q2/2017 but increased 4.88% from the same period of previous year due to the increase export of soluble chemical wood pulp to China and Philippine while papers and their products were exported to South Korea and Indonesia. The export of books and publication products i.e. graphic picture and photos etc. reduced and were sold to USA and UK.

2.3) Import Situation of pulp and printing paper on Q3/2017

The import value amounted to USD 675.83 million increased 10.64% from Q2/2017 and increased 13.47% from the same period of previous year due to the increase of import of pulp and paper products which grade could not be produced in the country. The import of books and publication reduced 32.56% from Q2/2017 as the printing media are substituted by digital media.

Manufacturing Production Index

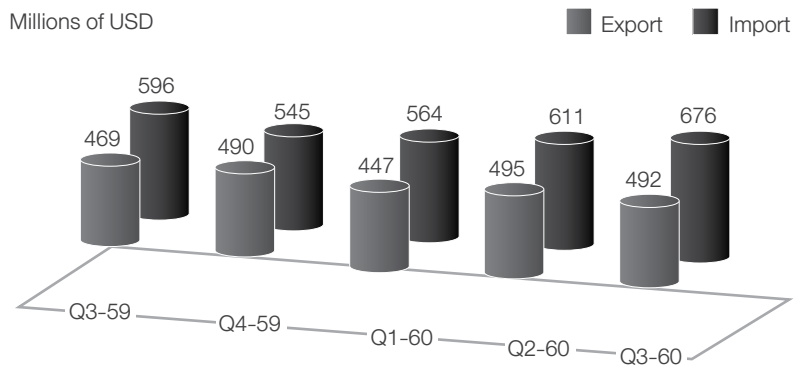
Export - Import Pulp Paper and print



Source: Office of Industrial Economics

Export - Import Pulp Paper and print

Millions of USD



Source: Office of Industrial Economics

Summary and Trends of pulp and printing paper on Q4/2017

On Q4/2017, the production of pulp and printing paper industries was expected to grow as the pulp and paper products i.e. writing paper, cardboard, and Kraft paper etc. increased to serve the domestic demand. Export was expected to be stable but pulp would increase.

Related Government Policies

The Government's National Strategy framework (2017-2036) and The Twelfth National Economic and Social Development Plan (2017-2021) aim to achieve the country's economic sustainable goals by increasing the competitive potentials of Thai business with the promotion of innovation development to create value added products and production efficiency. Based on these policies, it is the good opportunity and challenge of all business organization to develop high value products.

Source: Office of Industrial Economics, Ministry of Industry.

Bagasse pulp market situation 2017, and trends in 2018 .

In 2017, the world economic recovered gradually and the demand of bagasse pulps both domestically and abroad still existed as the price of short fiber pulp increased worldwide. Some manufacturers i.e. China etc. changed to increase the proportion of bagasse pulp in the production as it was cheaper.

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 2017, the Company increased the selling price of bagasse pulp according to the world situation from USD 555 per ton FOB in December, 2016 to be USD 715 per ton FOB in December, 2017. Presently, there are still many orders from domestic and abroad customers.

In 2018, the global and domestic economy will grow slowly, and demand of bagasse pulp still increase, especially foreign exports as the environmental policies of China and EU that focus on ecofriendly products and increase their production of ecofriendly packaging products both domestic and abroad.

The Company plans to produce the same volume of bagasse pulp in 2017 as the same costs of production but the selling will be higher and flexible according to the world market situation.

The largest paper pulp manufacturers in 2017 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 : 2016-2018 Directory of the Thai Pulp and Paper Industries Association (TPPIA).

Market situation of packaging products from bagasse pulp (pulp mold) 2017/2018

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 will lead 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 Zhejiang Welbon Pulp and Paper Group, Ecoplus Paper and Packaging (HK) Co., Ltd., OG Corporation etc.

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 aboard. In 2017 the Company sold pulp mold products about USD 2,000 per ton and will be adjusted according to the world market price in 2018.

2) Domestic Sales.

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

- 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.

- Provincial wholesalers of packaging products, and sale agents across the country.
- Direct sales to organizations, government agencies, hospital, schools, universities and other institutions.
- Online Marketing (under development).

Ethanol : Production and Distribution Business

The Company operates ethanol production and distribution business through KTIS Bioethanol Co.,Ltd (KTBE) and uses molasses derived from the group's sugar factories as a primary raw material with the maximum production capacity of 230,000 liters per day or 75,900,000 liters per year. KTBE is licensed to produce 3 different grades of ethanol products: potable alcohol, industrial alcohol and fuel alcohol. Presently, it produces and distributes only industrial alcohol and fuel alcohol.

Ethanol : Market Conditions and Competition

(1) Global Market Conditions

Ethanol Price The ethanol price in USA was about Baht 15.02 per liter, fell 5.6% from previous quarter and 6.2% YOY as the production in USA and Brazil increased. The fuel alcohol and industrial alcohol in Brazil were Baht 16.10 per liter and Baht 15.00 per liter respectively reduced about 12.3 % from previous quarter and YOY as the production increased.

Production The production of USA in Q3/2017 was 163.3 million liters per day , increased 3.4 % from previous quarter as Q2/2017 was the maintenance period and produced same volume compared to the same period of last year. While the production in Brazil was 128.7 million liters per day, increased 103.8% from previous quarter as the sugarcane volume for production increased at most and increased about 7.5% YOY because manufacturers produced higher proportion of ethanol from sugarcane due to the world sugar price was low.

Cost of Production The cost of production in USA was about Baht 13.1 per liter, reduced 19.4% from previous quarter as manufacturers were able to produce in full capacity after big maintenance at the beginning of Q2 while the price of corn used as raw material was low same as last year.

Consumption The consumption in USA was about 152.6 million liters per day increased 3.7% from previous quarter as the gasoline consumption increased but lower than 4.5% YOY. The consumption in Brazil was about 68.4 million liters per day increased 12.5% from previous quarter but reduced 7.4% YOY as the ethanol price increased.

Export In Q3/2017, USA export was 6.8 million liters per day, increased 8.5% from previous quarter and 33.6% YOY as its production increased and demand of its trading buyers increased too i.e. Brazil and Canada etc. Brazil export was 5.8 million liters per day, increased 45% from previous quarter and 26.4% YOY as its sugarcane volume highly increased in Q3. USA import from Brazil 66% of the Brazil's total export and next were North Korean and Japan.

Source : the ethanol price situation reports, Thailand's Q3/2017 Bank of Thailand .

(2) Ethanol : Domestic Market Conditions

Ethanol Price In Q4/2017 Thai ethanol reference price was Baht 24.91 per liter, decrease from previous quarter due to higher competition.

Production Thai production was about 3.92 million liters per day which was 62.7% of its total production capacity, increased 2.5% from previous quarter. However high excess supply still existed as in Q3 the stock increased 17.6% from previous month and 112%YOY.

Cost of Production In Q4/2017 Thai cost of ethanol production from molasses was Baht 22.12 per liter (calculated from molasses price at Baht 4.0 per kg.) while the cost of ethanol production from cassava chips was Baht 17.4 per liter(calculated from cassava chips price at Baht 1.2 per kg.) same as previous quarter and the cost of ethanol production from cassava pellets was Baht 21.8 per liter(calculated from cassava pellets price at Baht 4.9 per kg.) increased 2.9% from previous quarter and 8.7% YOY as the cassava price increased.

Consumption Thai consumption was about 4.2 million liters per day, increased 7.9% from previous quarter and 13.1% YOY as higher sale of gasohol E20 and E85 which increased 12% YOY while the consumption increased not so much compared to total selling of gasohol at 2,678.0 million liters and the gasoline consumption became declined 13.1% YOY.

In 2017, Thailand had 26 ethanol factories which total production capacity was 6.250 million liters per day while the total consumption was 4.0 million liters per day. The major ethanol producers are:

	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	T. P. K. Ethanol Co.,LTD Phase 1	340,000	Cassava Chips
5	Mitr Phol BioFuel Co., Ltd.(Kuchinarai ,Kalasin)	320,000	Molasses
6	Thai Roong Ruang Energy Co.,LTD.	300,000	Molasses
7	KSL Green Innovation Pcl. (Bo Ploi)	300,000	Molasses
8	K I Ethanol Co.,Ltd	250,000	Molasses
9	KTIS Bioethanol Co.,Ltd	230,000	Molasses
10	Maesod Clean Energy Co., Ltd.	230,000	Cane juice
	Other	2,880,000	
	Total	6,250,000	

Source : Department of Alternative Energy Development and Efficiency

Industry Trend The domestic ethanol business will be highly competitive as the new plants increase production about 1.22 million liters per day. This results the utilization of total production capacity will be only 68-70% (compared to 2016) and the raw materials competition especially cassava will become serious as higher demand while the uncertainty of cassava volume per year is not so stable and may be shortage causes by periodic draught and insects problem.

The important issues are

1. The government policy about the cancellation of gasohol 91 sale in 2018 which will increase the consumption for ethanol.
2. The technology development of competitors to gasoline engine i.e. Hybrid vehicles, Electric vehicles etc. which will pay higher role in the vehicle business. Currently there is not any impact to ethanol consumption, but if the government focuses seriously on this policy by motivating to buy these vehicles, the ethanol consumption will reduce.

Source: Economic Research, Bank of Ayudhya Public Company Limited.

Ethanol : Competitive Strategy

(1) Product Variety

KTBE offers a wide range of products for different needs of customers in each industry. KTBE'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 competitive advantage 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

KTBE'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, KTBE is safe from the raw material shortage issue and can punctually deliver products which are confident by its customers.

(3) Product Quality

Committed to achieving excellent quality standards, KTBE has continuously attempted to develop the quality of its products. All ethanol products of KTBE are therefore meet regulatory quality standards. In addition, KTBE'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, KTBE has proactively formulated and implemented marketing strategy to grow its customer base, especially in offshore markets. This includes KTBE'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

KTBE 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. KTBE's major customers, defined as "traders" under Section 72, are PTT Plc., Thai Oil Plc. and Shell Company Of Thailand etc. As of 31 December 2017, revenue from domestic sales of fuel alcohol accounted for 100% of the total sale revenue.

(2) Overseas Customers

KTBE's ethanol products are sold to overseas customers through distributors. Previously, KTBE 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 KTBE has not exported 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 (Phase1) has operated and sold electricity to EGAT since March, 2017 while RBPB (Phase2) is expected to operate and sell electricity in 2019.

² Under Section 7, Chapter 1 Fuel Trade and Transportation of the Fuel Trade Act B.E. 2543, fuel traders whose total fuel trade volume, either in a particular fuel type or all types combined, equals 100,000 metric tons per year or higher, or fuel traders of only liquefied petroleum gas whose total trade volume equals 50,000 metric tons per year or higher must hold license granted by the Minister.



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 Manageme
- 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. In 2036 it is targeted to produce electricity generation from renewable energy about 19,684.40 MW while the electricity generation can only be produced about 51 percent of the target in 2017.

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.

In 2017, the Energy Regulatory Commission announced to purchase electricity at SPP Hybrid Firm from Small Power Producer (SPP) of renewable energy based on following regions,

- Northern Region	purchase volume	65 MW
- North Eastern Region	purchase volume	60 MW
- Central Regionn	purchase volume	20 MW
- Bangkok Metropolitann	purchase volume	15 MW
- Western Regionn	purchase volume	20 MW
- Eastern Regionn	purchase volume	20 MW
- Southern Regionn	purchase volume	65 MW
- Phuket Provincen	purchase volume	20 MW
- Samui Island, Surat Thani Provincen	purchase volume	15 MW
Total		300 MW

It was announced that the maximum price to purchase was Baht 3.66 per KW and opened for interesting bidders. Finally, there were only selected 17 bidders and some price was bided at a discount of 99.99% from the purchase price. This reflected the very high competition for electricity business.

(2) Domestic Electricity Use

In 2017, the Net Peak Generation Requirement of the year was 28,578.40 MW happened in May lower than 29,618.80 MW happened in November 2016.

(3) Domestic Electricity Generation Capacity

At the end of November 2017, the electricity generation capacity totaled 41,096 MW not including very small electricity producer.

Details are as shown below:

EGAT	16,071.13 MW	37.87%
Independent Power Producer (IPP)	14,948.50 MW	35.23%
Small Power Producer (SPP)	7,536.02 MW	17.76%
Electricity Import	3,877.60 MW	9.14%
<u>Total</u>	<u>42,433.25 MW</u>	

The proportion of electricity generation from different types of fuel.

Natural gas	90,684.72 GWH	63.25%
Imported coal and lignite	34,068.03 GWH	23.76%
Import	15,52.30 GWH	1.08%
Renewable energies	16,745.20 GWH	11.68%
Hydropower	184.53 GWH	0.13%
Fuel oils	136.48 GWH	0.10%

The Proportion of Renewable Energy for Electricity Generation

Renewable energy	Unit	Target 2036	2012	2013	2014	2015	2016	2017 (Jan.-Sep.)
Wind	MW	3,002.00	111.73	222.71	224.47	233.90	507.40	627.82
Solar	MW	6,000.00	376.72	823.46	1,298.51	1,419.58	2,446.12	2,692.26
Waste	MW	550.00	42.72	47.48	65.72	131.68	145.28	179.97
Bio gas	MW	1,280.00	193.40	265.23	311.50	372.51	434.86	466.77
Small hydro power	MW	376.00	101.75	108.80	142.01	172.12	182.12	182.28
Bio mass	MW	5,570.00	1,959.95	2,320.78	2,451.82	2,726.60	2,814.70	3,074.28
Large hydro power	MW	2,906.40	-	-	-	2,906.40	2,906.40	2,906.40
Total	MW	19,684.40	2,786.27	3,788.46	4,494.03	7,962.79	9,436.52	10,129.78

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 feedstock. 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 are sold to EGAT or PEA according to each power plant's contract.

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.

Bio Soil Conditioner:Market and Competition

In the past year, farmers were confident and increased agricultural fields i.e. rice, sugar cane etc. as rainfall was very good and all main dams were full of water better than the year before. But the agricultural prices were still low and the farmers had to control their costs of production which led to careful usage of fertilizers and soil conditioners. Most of them still believed to use chemical fertilizer for their crops in prior to bio fertilizers and bio soil conditioners as it works faster. Additionally, the new producers of soil conditioner regularly entered into the market which caused higher market competition.

Most of soil conditioner producers have to sustain their business on this situation by maintaining their market shares instead of aggressive marketing strategy or expand market shares. So there are not much marketing stimulating strategies to increase sales at the present situation.

Bio Soil Conditioner :Competitive Strategy

KTBF has targets and policies to encourage our contracted sugar cane farmers to use standard quality and cheap bio soil conditioners for reducing their costs of production and also increasing their production yield per hectare that result to more revenues. The main policies are as follows,

- (1) (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 products are sold at cheap price. Farmers can thus reduce their costs and increase productivity.
- (3) The Company treats the packaging as a priority, uses colored sacks and double seals for better 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 for proper products usage.
- (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)

Risk Factors

Risks associated with the Company's operations

1. The risk of fluctuation in foreign exchange

In the past year, Thai Baht currency has appreciated steadily compared to the US currency. 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

22 Nov 2016 00:00 UTC - 22 Nov 2017 04:15 UTC USD/THB close:32.75078 low:32.74613 high:36.04051



Source : 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. However, if there were some changes in the legal and regulation of cane and sugar industry, the action plans to manage such risks should be prepared accordingly.

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.

2. The security risks of the data and information system.

Presently, the information system of many organizations have Data and Information Risk from cyber-attacks which increase rapidly more and more and become worldwide operations , frequently and violently in many patterns from basic to complicated system. They are well planned with many aims i.e. hack to change data or destroy data cause the Website or Computerized system disruption and cause organization has to stop business etc.

KTIS group realizes about the importance of the data and information system and its security as they are very important for the management decision and supporting their operations so the data and information system risk management was set up to analyze and defy the action plans to protect and deal with the risks which may arise from internal employees, outside persons, natural disasters or any other events that may affect the security of data and information systems and its technology. By providing many tools i.e. Firewall for the Network protection, updated virus computer protection, Following news of cyber-attack pattern and targets and resolution, new regulations or comments of the systems security etc. and communicating the cyber-attack news, concerning laws and computer technology to organization employees regularly and giving the appropriate frequency of data reserve so that KTIS group is able to cope with the security risk of data and information system.

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 Pricing Policy to control the pricing volume at plus or minus 10% of Quota B pricing volume. The sugar price will determine the sugar 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 tariffs and 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.

Normally, raw sugar import of Japan was J-Spec grade for many years, and KTIS group is one of the major exporters for J spec raw sugar. After Japan has trade agreements with Australia, Japan has therefore reduced the import of J-Spec raw sugar and started to import more Hi-pol raw sugar. In 2017/2018, the Company has improved the machine so that it can produce more Hi-pol raw sugar and reduce J spec raw sugar to serve the market demand and additionally selling more super refined sugar than normal refined sugar in order to get a higher price

3. Risk of Changes in Government Policy

The Office of the cane and sugar, industry Ministry had drafted the Amendment of sugarcane and sugar Act 2527 (1984) and the Government appointed Commission to check in detail with comments and propose to the Cabinet for further consideration and approval.

For 2017/2018 the Government sector announced the production season to start from December 1, 2017 with the campaign for cutting fresh sugarcane instead of burnt sugarcane. It was defined that the burnt sugarcane would be deducted Baht 30 per ton cane compared to last year at Baht 20 per ton. And the motivation for fresh sugarcane cutting would be awarded no more than Baht 120.0 per ton compared to last year at no more than Baht 70 per ton. Additionally, it was defined the production efficiency of each sugar factory that the quality of one ton sugarcane at 10 CCS should produce sugar not less 90 kg. (C.O.W.) at 94 NT standard.

In addition, the cane and sugar Board approved to cancel all quotas and use a floating price for domestic sugar sales and proposed to the Cabinet, and if this was approved by the Cabinet and published into effect, the Government would start this regulation immediately. So the domestic market price would be calculated based on London No.5 plus Thailand premium which would be converted further to sugarcane price.

Such risk management, the Company has encouraged farmers to cut more fresh sugarcane for the factory. The Company also set up the Fire Protection Team to prevent fire and solve the problem immediately and give knowledge to the farmers that fresh sugarcane will lead to more sugar production and yet higher sugarcane price. In addition this year KTIS group purchased additional 28 sugarcane harvester machines which will harvest more fresh sugarcane.

For the increase of production efficiency, the Company invested and developed machines of the manufacturing process to produce sugar at higher efficiency than the Government defined standards.

For the domestic sugar market, there would be higher competition after canceling quota was enforced. The company has defined policies to focus on product quality, lower cost of production, punctual delivery, and good after sale service in order to satisfy the customers in every field and always maintain good relationship.

4. Risk of Market Competition

The Government have policies to cancel the sugar quota system and domestic sugar controlling price, so the sugar manufacturers can sell more domestic sugar and will lead to higher domestic market competition. In 2017/2018 Thailand is expected to produce sugar approximately 11 million tons, while the domestic sugar consumption, both directly and indirectly, are about 2.6 million tons so there are surplus quantities of sugar that have to export. In order to maintain the market share for domestic sugar at the same or higher level, the company has a policy to improve the quality of sugar according to the needs of the customer, lower production costs for the competitive price, and product development such as Liquid sucrose, Super Refined Sugar, one ton bag sugar, bulk sugar delivery etc. and also research for the market of other varieties of sugar product for the new product development. In addition, the company has additional investments in machinery and equipment in order to solve the problem of caking sugar and produce good quality of products to serve the customers at best.

5. The Procurement Risk of Raw Material (Sugarcane) both quantity and quality.

For the 2017/2018 production season, the sugarcane areas of 3 sugar mills in KTIS Group got good rainfall from May to November 2017. The total rainfall was much more than past several years and good for sugarcane while the new sugarcane planting of all factories were in target and the plant maintenance for both new and existing sugarcane fields were done in accordance with academic principles. So it is expected that the total sugarcane volume would meet the targets of all three factories. While the quality of the cane will be good as Meteorological Department forecasted that this winter the weather will be colder and longer than previous years which is good for the sugarcane to have higher sugar yield.

The Brix Measurement of sugarcane from cane field officers was shown that the quality of sugarcane this year seems to be better than last year. Thus KTIS group factories should have targeted sugarcane volume and quality for their sugar productions and have plentiful raw materials for their bio productions which will result in good revenue and lower cost of production.

However, there are also risks i.e. rainfall during the production season, large burnt sugarcane areas, the Government policy of sugarcane loading trucks and policy to stop transporting during traditional holidays, the sugarcane competition from the expansion of competitor factories nearby or new factories who have not enough sugarcane volumes etc.

KTIS group realized about all these risks and has many action plans i.e. The survey for moisture in the sugarcane fields and handling measurement after rainfall, The Fire Protection from being spread to big area, The Loading Sugarcane truck according to the Government Regulation, Factory Maintenance Schedule during Traditional Holidays, Procedures of Tracking and Preventing its sugarcane to other factories, Trashes and Contamination Reduction Action Plan which was effectively done from last year etc. and other action plans of the factories to deal with and reduce these risks

6. The risk of bad debts from advance payment of sugarcane to the farmers

The Company has sugarcane purchase contracts with the farmers and pays in advance in the form of fertilizer, insecticide, agricultural materials and others to procure the appropriate volume of sugarcane for the factory production. Although the Company has many action plans to reduce the risk of advance payments as per the Sugarcane Investing Procedure such as Selective farmers program and money supporting system, Training the academic knowledge to farmers for higher yield etc. including the helpful supporting to the farmers during harvesting seasons to gain more revenue and lower costs, however, the continuous good rainfall from the middle of the year also caused flood to the sugarcane planting areas. Some sugarcane fields had drainage flood for the first time and their production were damaged or lower yield. These farmers were loss and will cause bad debts. The farmers who have many sugarcane fields would receive less impact since the better fields will compensate for the worse fields.

For 2017/2018 the primary sugarcane price is lower than last year, so this may affect the repayments of farmers to their debts.

The Company prepares the action plans to reduce these risks by forecasting each farmers sugarcane yield and find out the questionable farmers beforehand, and reduce the debts burden of farmers such as Selling Program for Sugarcane variety, Supporting and Encouraging better planting area, Lower Sugarcane Planting Costs by the Company Supporting Equipment, Increasing Yield per hectare and higher CCS and right harvesting time etc. which will lower debts even low primary sugarcane price, the farmers' Collaterals in the contract will be assessed yearly and will be exercised if all the action plans could not solve some farmers debt so that there will be not bad debts, the monitoring of sugarcane delivery and debts position of farmers during production season with close controlling procedure of field officers etc. All these action plans will reduce the risk of bad debts from advance payment of sugarcane to the farmers.

The Business Risk of Production and Distribution of electricity and Bleached Pulp from Bagasse.

The risk of raw material shortage (bagasse)

KTIS group business policy plays attention to the electricity business which sell to Provincial Electricity Authority (PEA) and Electricity Generating Authority of Thailand (EGAT). The very important factor to produce electricity is fuel for the Boiler which is biomass material mainly bagasse from the sugar production.

Thus the Company focuses on expanding sugarcane yields in both vertical and horizontal way. In 2017/2018, it is expected that the total volume of sugarcane of KTIS group will increase one million tons more than last year which will be around 9.9-10.1 million tons compared to last year at 8.684 million tons so that there will be a lot of bagasse from sugar production. In addition, there are many improvements to increase the energy saving of production efficiency which will use less bagasse. Moreover, the Company has promoted fresh sugarcane cutting by investing many sugarcane harvester machines.

At the same time, the Company has researched for another energy crops which will be beneficial to farmers, cane and sugar industry, community, our nation and finally to the stability of electricity production and distribution business.

For bleached pulp and paper business, the Company has improved its production efficiency in order to increase more yield, and still researches another types of raw materials for the production. In addition, the Company also focuses on integrated business which is ecofriendly packaging products. After testing the market and found that there are a lot of demand both domestic and foreign markets, so this product will be another new product that strengthens the business opportunity of the bleached pulp from bagasse in the future.

The Risk of Production and Distribution of Ethanol Business

The risk from the uncertainty of Government policy.

Ethanol has been promoting clearly as the target of Alternative Energy and Alternative Energy Development Plan (AEDP) to be biofuel (gasohol fuel) as a mixture of ethanol and gasoline. The present ethanol consumption situation is around 4 million liters per day and is forecasted to be 11.3 million liters in 2036 as to AEDP.

Since 2013, gasoline 91, that do not have a of a mixture of ethanol, was not allowed to sell, the consumption of ethanol as a mixture of different types of gasohol kept on growing until mid-2014 that the price of crude oil has fallen drastically and caused the gasoline ex-refinery price cheaper than ethanol price, so the promotion to use ethanol faced difficulty and the supply of ethanol became larger than demand. In 2017, many new ethanol factories started their operation, the total production increased to 6.25 million liters per day from 5.0 million liters per day so the price competition started.

Negotiations with the Government sector are necessary. Ethanol producers joined together to be Ethanol Manufacturer Trade Association. The Association will contact with the government agencies responsible for energy policy such as Office of Energy Policy and Planning (EPP), The Department of Alternative Energy Development and Efficiency (DEDE) and Biofuels Development Office etc. in order to accelerate the increase of ethanol consumption in consistent with production through the fuel retail prices mechanism and funds paid into the oil fund for higher mixture of ethanol in gasoline i.e. E20 and E85 etc. and cancellation of gasohol 91.

However, if the domestic ethanol market became worse, the Company could produce high-quality alcohol for the international market as its good foreign customer relationship and Logistics plus high experience in export procedures.

These are the measures to deal with risk from the uncertainty of government policies in order to minimize risk on this business.

Securities Details and Shareholding Structure

1. Securities of the Company

As at December 31, 2017 ,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.

2. Shareholders

As at December 31, 2017, major shareholders of the company as following:

No.	Name	No. of Shares	% of Total Shares
1	HATHAI JAROON 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	112,341,000	2.910
	KING WAN CORPORATION	87,267,000	2.261
	KING WAN INDUSTRIES PTE. LTD.	25,074,000	0.649
9	MR. POOMRATA WANGPREEDALERTKUL	62,492,000	1.619
10	MR.ARNUT REUNGKUL	50,674,400	1.312
	Total	3,356,183,110	86.946

***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 31,2017, major shareholders of the company as following (exclude Treasury Stock)

No.	Name	No. of Shares	% of Total Shares
1	HATHAI JAROON 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
	OTHER	2	0.0
	Total	9,724,670	100.0

(2) The registered capital and paid up capital of Hathai Jaroorn 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 31,2017, 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

3. 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-

4. 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)
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 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 :	<p>- 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.</p> <p>- The exceptions are as follows:</p>

- (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

5. 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.

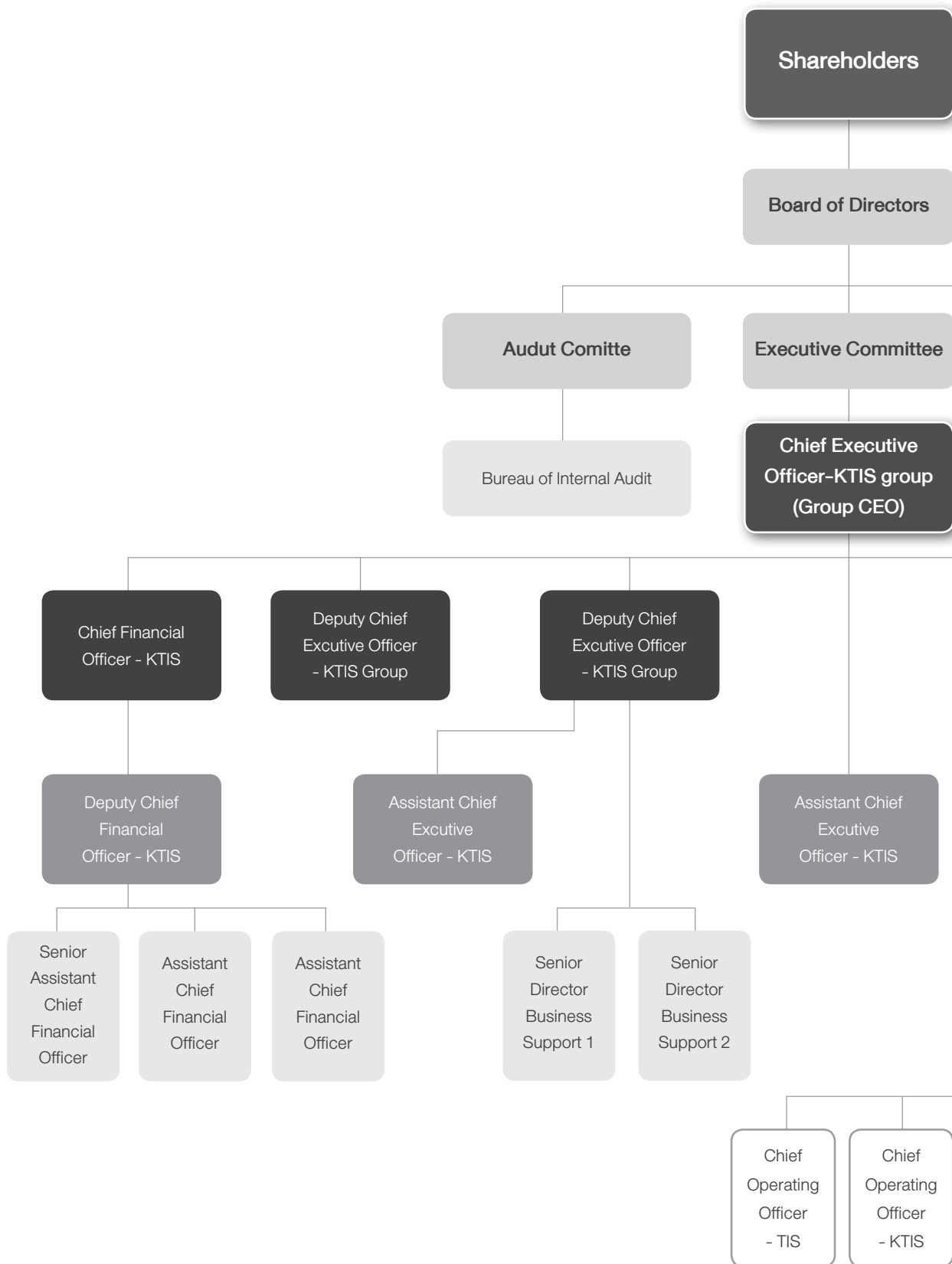


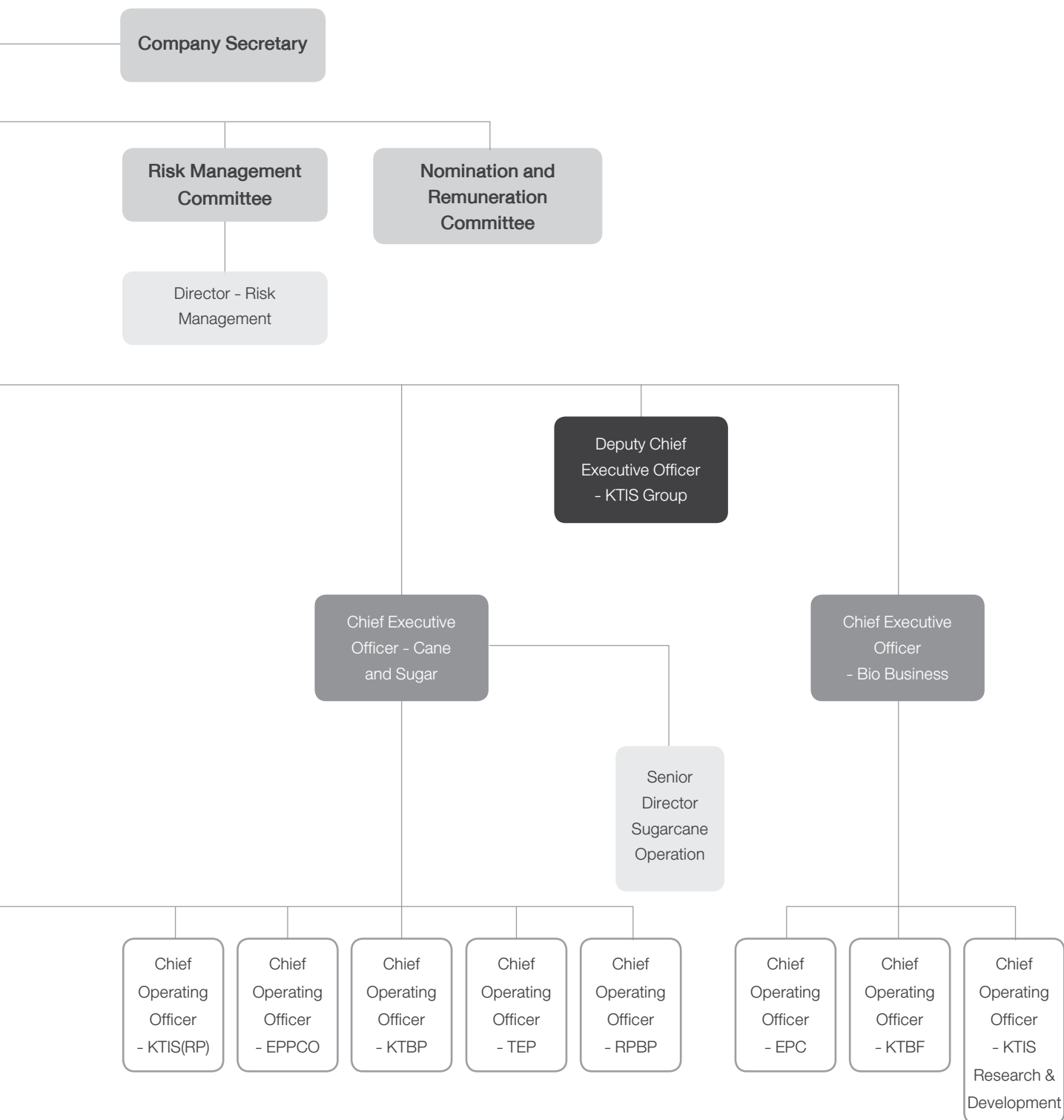
The Company's subsidiaries have the policy to pay dividend at a minimum of 50% of their net profit according to their financial statements, after the deduction of corporate income tax, statutory reserves and all other provisions. Considerations will also be given to their cash flow, financial status, 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	2015	2016	2017 (Proposed)
1. Net Profit (Baht)	650,528,104	224,993,863	666,124,903
2. Number of shares			
2.1 Number of shares at interim dividend	-	-	-
2.2 Number of shares at the annual dividend.	3,860,000,010	3,860,000,010	3,860,000,010
3. Total dividend per share (Baht : Share)			
3.1 Interim dividend (Baht : Share)	-	-	-
3.2 annual dividend (Baht : Share)	0.10	0.10	0.15
4. Total dividends paid (Baht)*	386,000,001	386,000,001	579,000,001.50
5. Dividend Payout Ratio	59.34%	171.56%	86.92%

***Remark** 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





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.

Board of Directors

As at December 31, 2017, 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	Number of Meeting Attended in 2017
1. Mr. Pricha Attavipach	Chairman	Group 2	January 29, 2013	5/5
2. Mr.Sirivuthi Siamphakdee	Vice-Chairman	Group 2	January 29, 2013	5/5
3. Mr.Parphan Siriviriyakul	Director	Group 1	January 29, 2013	5/5
4. Mr.Nathapun Siriviriyakul	Director	Group 1	January 29, 2013	4/5
5. Mrs.Darat Vibhatakalasa	Director	Group 1	January 29, 2013	5/5
6. Mr.Prasert Siriviriyakul	Director	Group 1	January 29, 2013	5/5
7. Mr.Sirapak Siriviriyakul	Director	Group 1	May 14, 2015	5/5
8. Mr.Apichart Noochprayoon	Director	Group 2	January 29, 2013	5/5
9. Mr. Kunihiro Tahara	Director	-	May 12, 2017	3/3
10. Ms. Chua Eng Eng	Director	Group 2	January 29, 2013	4/5
11. Mr. Krairit Nilkuha	Independent Director/ Chairman of Audit Committee	-	February 26, 2014	5/5
12. Mr.Sathaporn Kotheeranurak	Independent Director/ Member of Audit Committee	-	January 29, 2013	5/5
13. Acting Sub Lt. T-rayooth Changpetch	Independent Director/ Member of Audit Committee	-	January 29, 2013	5/5
14. Mr. Issakan Krivithaya	Independent Director	-	January 29, 2013	5/5
15. Mr.Phoonsak Boonsalee	Independent Director	-	January 29, 2013	4/5

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:

- 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;
- 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;
- 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;
- 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;

- 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
- 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;
- 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;
- 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;
- 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		Group 2	
1. Mr. Parphan	Siriviriyakul	1. Ms. Chua	Eng Eng
2. Mrs. Darat	Vibhatakalasa	2. Mr. Sirivuthi	Siamphakdee
3. Mr. Prasert	Siriviriyakul	3. Mr. Apichart	Noochprayoon
4. Mr. Nathapun	Siriviriyakul	4. Mr. Pricha	Attavipach
5. Mr. Sirapak	Siriviriyakul		

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 :

- 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;
- 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;
- 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;
- The Board shall continuously monitor our performance and operations and ensure that they are in line with our action plan and budget;
- The Board shall ensure that we adopt appropriate and efficient accounting systems, and have implemented internal control and audit systems;
- 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;
- 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;
- The Board shall implement a written corporate governance policy to ensure that the interests of each group of stakeholders is equally protected;
- 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;



- The Board shall be responsible for the appointment of our sub-committee members, and shall prescribe the power and responsibilities of such sub-committees;
- The Board shall ensure that our authorized signatories are changed from time to time
- 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;
- If necessary, the Board shall seek professional advice from third-party organizations to facilitate its decision-making; and
- 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.

Category of Directors:

The table below shows the category of Directors in 2017.

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. Kunihiro Tahara			✓
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 2017 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	4.87	4.75
2. Board meeting	4.88	4.53
3. Roles, duties and responsibilities of Board	4.89	4.47
4. Performance of duties of directors	-	4.53
5. Relationship with the management	-	4.55
6. Self-development of directors and executive development	-	4.37
Average	4.88	4.55

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:

- Relevant regulatory framework (legal requirements, the Cabinet's resolution, rules and regulations)
- Operations and activities
- Major projects
- Organizational development and business development
- Corporate governance
- 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:

- Vision, mission, values and purposes of the Company
- Organizational development and business development
- Profiles of directors and executives
- Qualifications and remunerations of directors
- Roles, duties and responsibilities of directors
- Management structure
- Company's profile
- 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. Krairit Nilkuha		DAP 53/2006	ACP 24/2008			UFS 6/2006
Mr. Parphan Siriviriyakul		DAP 96/2012				
Mr. Nathapun Siriviriyakul		DAP 96/2012				
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. Kunihiro Tahara		DAP 135/2017				

Summary of changes in KTIS 's shareholding by Directors as of 31 December 2017:

Shareholding below represents the aggregate number of shares held by spouse ,minor child and people under Section 258 of the SEC Act.B.E 2535

Name	Position	Shares held on	During 2017 Number of Shares (Shares)	Shares held on	Total Percentage of Voting Shares (%)	Remark
		Dec 31, 2016	Increase / decrease	Dec 31, 2017		
1. Mr. Pricha Attavipach	Chairman	5,670,700	203,400	5,874,100	0.15	
2. Mr.Sirivuthi Siamphakdee	Vice-Chairman	-	-	-	-	None
3. Mr.Parphan Siriviriyakul	Director	-	3,100	3,100	0.000	
4. Mr.Nathapun Siriviriyakul	Director	27,216,000	-	27,216,000	0.705	
*Spouse and Minor Children		-	10,000	10,000	0.000	

Name	Position	Shares held on	During 2017 Number of Shares (Shares)	Shares held on	Total Percentage of Voting Shares (%)	Remark
		Dec 31, 2016	Increase / decrease	Dec 31, 2017		
5. Mrs.Darat Vibhatakalasa	Director	12,349,900	-	12,349,900	0.320	
6. Mr.Prasert Siriviriyakul		5,852,000	70,000	5,902,000	0.153	
*Spouse and Minor Children	Director	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. Kunihiro Tahara	Director	-	-	-	-	None
10. Ms. Chua Eng Eng	Director	21,544,000	-	21,544,000	0.558	
11. Mr. Krairit Nilkuha	Independent Director/Chairman of Audit Committee	-	-	-	-	
*Spouse and Minor Children		100,000	-	100,000	0.003	
12. Mr.Sathaporn Kotheeranurak	Independent Director/Member of Audit Committee	-	-	-	-	None
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	

Committees

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

(1) Audit Committee

As at December 31, 2017, 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 :

- The Audit Committee shall ensure that our financial statements are complete and accurate;
- 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;
- The Audit Committee shall ensure that we comply with securities and exchange laws, regulations of the SET and laws relating to our business operations;
- 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;
- 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;
- 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;
- 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

- 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 2017.

Name	2017
1. Mr. Krairit Nilkuha	5/5
2. Mr. Sathaporn Kotheeranurak	5/5
3. Acting Sub Lt. T-rayooth Changpetch	5/5

(2) Nomination and Remuneration Committee

As at December 31, 2017, Nomination and Remuneration Committee consists of the following members:

Name	Position
1. Mr. Issakan Krivithaya	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.

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

- 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;
- 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;
- 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;
- 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;
- The Nomination and Remuneration Committee shall conduct performance evaluations and prepare an evaluation report for the Board; and
- The Nomination and Remuneration Committee shall perform any other activities as designated by the Board.

Number of Meeting Attended :

The table below shows the attendance of the Nomination and Remuneration Committee in 2017.

Name	2017
1. Mr. Issakan Krivithaya	1/1
2. Mrs. Darat Vibhatakalasa	1/1
3. Mr. Phoonsak Boonsalee	1/1

(3) Risk Management Committee

As at December 31, 2017, 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 :

- 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;
- The Risk Management Committee shall determine business strategies in accordance with our risk management policies;
- The Risk Management Committee shall approve risk management indicators;
- The Risk Management Committee shall monitor management's compliance with our risk management policies and control the efficiency of risk management;
- The Risk Management Committee shall monitor the sufficiency of resources such as staff and systems for risk management;
- 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;

- The Risk Management Committee shall monitor and report our risk status to the Board and the Audit Committee ;
- The Risk Management Committee shall integrate corporate governance, risk management and legal compliance in order to achieve integrity-driven operations;
- The Risk Management Committee shall set up a working team as may be appropriate; And
- 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 2017.

Name	2017
1. Acting Sub Lt. T-rayooth Changpetch	4/4
2. Mr. Parphan Siriviriyakul	4/4
3. Mr. Sirivuthi Siamphakdee	4/4
4. Mr. Prasert Siriviriyakul	4/4
5. Mr. Nathapun Siriviriyakul	4/4
6. Mr. Issakan Krivitthaya	4/4

(4) Executive Committee

As at December 31, 2017, 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 :

- 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;
- 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;
- 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;
- The Executive Committee shall efficiently oversee and monitor our operations in accordance with our management policies and guidelines as approved by the Board;
- 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);
- 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.
- The Executive Committee shall have the power and authority to appoint the Company's employees at the level below Group CEO
- 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;
- 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 2017.

Name	2017
1. Mr. Sirivuthi Siamphakdee	12/12
2. Mr. Parphan Siriviriyakul	12/12
3. Mrs. Darat Vibhatakalasa	9/12
4. Mr. Prasert Siriviriyakul	12/12
5. Mr. Nathapun Siriviriyakul	10/12

Evaluation of 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 2017 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	4.76	4.90	4.55	4.46
2. Board meeting	4.89	4.83	4.42	4.43
3. Roles, duties and responsibilities of Board	4.86	4.94	4.53	4.47
Average	4.83	4.89	4.50	4.45

Remark: Total score = 5

Executives

As at December 31, 2017, 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:** 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 Siampakdee	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

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 Chief Executive Officer – KTIS Group :

- 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;

- The Chief Executive Officer – KTIS Group shall implement and comply with the business strategies and directions approved by the Board;
- The Chief Executive Officer – KTIS Group shall perform any activity designated by the Board and shall comply with policies prescribed by the Board;
- The Chief Executive Officer – KTIS Group shall introduce regulations, notifications and memorandums in accordance with our policies;
- 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;
- 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;
- 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;
- The Chief Executive Officer – KTIS Group shall monitor all expenses relating to our ordinary business operations and ensure that they are in accordance with the Board's approved budget;
- The Chief Executive Officer – KTIS Group shall approve all investments in instruments and securities as approved by the Board;
- 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;
- The Chief Executive Officer – KTIS Group shall approve investment funds as prescribed in our annual budget or as approved by the Board;
- 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;
- The Chief Executive Officer – KTIS Group shall take measures to enhance our employees' performance in order to improve our business performance;
- The Chief Executive Officer – KTIS Group shall appoint relevant advisors necessary for our business operations;
- 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;
- 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
- 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	4.75
3. Strategy execution	4.82
4. Financial planning and performance	4.75
5. Relationship with Board of Directors	4.90
6. Relationship with external parties	4.80
7. Administration and employee relations	4.00
8. Product and service knowledge	4.83
Average	4.80

Remark: Total score = 5

Company Secretary

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

- Age : 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	KTIS Bio Fertiliser Co.,Ltd
- 1996 – 2013	Factory Manager	Kaset Thai Sugar Industry Co., Ltd.
- 2005 – 2013	Factory Manager	KTIS Bioethanol 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:

- Having basic knowledge of business, accounting, being proficient and understanding the Company's businesses;
- Understanding roles and duties of Company Secretary;
- 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;
- 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;
- 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:

- each shareholder shall have one vote per share;
- 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

- 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:

- 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;
- 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;

- 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;
- must not:
 - have or used to have a business relationship 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.

- 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;
- 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;

- 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;
- must not undertake any business which is in competition with us;
- 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;

- must not have any other characteristics which may prevent him from expressing an independent opinion on our operations;
- 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
- 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.

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.

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 24, 2017 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 2016 and 2017.

Name of Director	Position 2016	2016						2017					
		Remuneration	BOD	Audit Committee	Nomination and Remuneration	Risk management	Total (baht)	Remuneration	BOD	Audit Committee	Nomination and Remuneration	Risk management	Total (baht)
1.Mr.Picha Attavipach	Chairman	600,000	250,000	-	-	-	850,000	600,000	250,000	-	-	-	850,000
2.Mr.Sirivuthi Siampakdee	Vice-Chairman	300,000	125,000	-	-	80,000	505,000	300,000	125,000	-	-	80,000	505,000
3.Mr.Parphan Siriviriyakul	Director	300,000	100,000	-	-	60,000	460,000	300,000	125,000	-	-	80,000	505,000
4.Mr.Nathapun Siriviriyakul	Director	300,000	100,000	-	-	40,000	440,000	300,000	100,000	-	-	80,000	480,000
5.Mrs.Darat Vibhatakalasa	Director	300,000	75,000	-	20,000	-	395,000	300,000	125,000	-	40,000	-	465,000
6.Mr.Prasert Siriviriyakul	Director	300,000	125,000	-	-	80,000	505,000	300,000	125,000	-	-	80,000	505,000
7.Mr.Sirapak Siriviriyakul	Director	300,000	125,000	-	-	-	425,000	300,000	125,000	-	-	-	425,000
8.Mr.Apichart Noochprayoon	Director	300,000	100,000	-	-	-	400,000	300,000	125,000	-	-	-	425,000
9.Mr.Shunsuke Tsuijyama	Director	300,000	125,000	-	-	-	425,000	125,000	50,000	-	-	-	175,000
10.Ms.Chua Eng Eng	Director	300,000	100,000	-	-	-	400,000	300,000	100,000	-	-	-	400,000
11.Mr.Sathaporn Kotheeranurak	Independent Director	300,000	125,000	150,000	-	-	575,000	300,000	125,000	150,000	-	-	575,000
12. Acting Sub Lt. T-rayooth Changbetch	Independent Director	300,000	125,000	150,000	-	160,000	735,000	300,000	125,000	150,000	-	160,000	735,000
13.Mr.Issakan Krivitthaya	Independent Director	300,000	125,000	-	40,000	80,000	545,000	300,000	125,000	-	80,000	80,000	585,000
14.Mr.Phoonsak Boonsalee	Independent Director	300,000	100,000	-	20,000	-	420,000	300,000	100,000	-	40,000	-	440,000
15.Mr.Krairit Nilkuha	Independent Director	300,000	125,000	300,000	-	-	725,000	300,000	125,000	300,000	-	-	725,000
16.Mr.Kunihiko Tahara	Director	-	-	-	-	-	-	175,000	75,000	-	-	-	250,000
Total		4,800,000	1,825,000	600,000	80,000	500,000	7,805,000	4,800,000	1,925,000	600,000	160,000	560,000	8,045,000

*Remark Mr. Shunsuke Tsuijyama resigned from the Board as at May 12, 2017 Mr. Kunihiko Tahara was appointed in place of Mr. Shunsuke Tsuijyama

(2) Remuneration of the Executives

The table below represents the remuneration details of our Executives in 2015 , 2016 and 2017.

Type of Remuneration	Number (persons)	2015 (Baht)	2016 (Baht)	2017 (Baht)
Salary	6	24,874,815.00	28,714,575.00	29,420,208
Bonus	6	2,218,334.00	222,573.00	4,920,143
Total	6	27,093,149.00	28,937,148.00	34,340,351

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

▪ Provident fund amount

The following table displays the details of the provident fund amount in 2016 and 2017

Type of Remuneration	Number (persons)	2016 (Baht)	2017 (Baht)
Provident fund	6	639,807.48	653,143.53
Total	6	639,807.48	653,143.53

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 Clause 7.4: 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, 2017 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.NATHAPAN	SIRIVIRIYAKUL	0.30%
MR.SIRIVUTHI	SIAMPHAKDEE	0.19%
MRS.DARAT	VIBHATAKALASA	0.36%
MR.APICHART	NOOCHPRAYOON	0.26%
MRS.NOMCHIT	AKARAMEKIN	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 3,523 employees and the remuneration expenses in 2017 amounted to Baht 1,129,225,792.67 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	2017				
	Service No. of Employee	Management No. of Employee	Head Office No. of Employee	Total	Total 2016 Personnel Expenses
Kaset Thai International Sugar Corporation Pcl.	1,792	92	100	1,984	659,964,492.32
KTIS Bioethanol Co., Ltd.	122	7	19	148	46,963,375.74
Environment Pulp and Paper Co., Ltd.	478	12	17	507	136,722,349.42
KTIS Bio Fertiliser Co.,Ltd	7	2	7	16	4,710,876.59
Kaset Thai Bio Power Co., Ltd.	-	-	4	4	1,390,263.05
Permsinpattana Co., Ltd.	-	-	-	-	-
Ruampol Bio Power Co., Ltd.	-	-	1	1	237,682.00
Sapsirikaset Co., Ltd.	-	-	-	-	-
Thaiekaluck Power Co.,Ltd	-	-	2	2	489,839.26
Thai Identity Sugar Factory Co., Ltd.	791	22	31	844	269,928,400.02
KTIS Bio Energy Co., Ltd.	-	1	-	1	2,167,850.64
KTIS R&D Co., Ltd.	-	2	14	16	6,650,663.63
Lopburi International Sugar Co., Ltd.	-	-	-	-	-
Lopburi Biopower Co., Ltd.	-	-	-	-	-
Lopburi Bioethanol Co., Ltd.	-	-	-	-	-
KTIS Biogas Power Co., Ltd.	-	-	-	-	-
Kaset Thai Wiwat Co., Ltd.	-	-	-	-	-
Total	3,190	138	195	3,523	1,129,225,792.67

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

Human Resource Development.

The Company always places important on the continuous development for all levels of our valuable human resources with the aims to develop their potentials and helpfully increase productivity and quality for the customers' satisfaction. Hopefully develop to be the Learning and Lively Organization with awareness of workplace safety, social responsibility and care of environment.

The Company focuses to develop organization personnel in aspects of “Quality, Valuable and Adhere to the corporate culture” as follows:

- (1) Diligent, endurance and endeavor for success.
- (2) Innovation creation.
- (3) Family feeling.
- (4) Corporate governance practices.
- (5) Knowledge empowerment and self-development.
- (6) Sugar cane farmers support and care.
- (7) Sense of corporate social responsibility.

Human resource development of The Company is conducted in 3 sections as follow:

1. Preparation of Potential Employees Program.

1.1 Provides Youth Education Scholarships for to the children of employees and sugar cane farmers who will work with the Company after graduation.

1.2 Accepts students from the Co-operative Education Project who have been professional trained in the Company and want to work with the Company after graduation.

2. Skill Development Programs which training courses are defined by Company Working Group for all levels of employee, including technical skills, management skills, and relevant working skills as well as job training from senior supervisors to new employees in field of technology, professional and know-how. Additionally, the Company gives opportunity by providing education scholarships for the employees to be trained as technical specialists.

3. Promoting innovation and work improvement for the quality products to be faster, convenient and safe operation. The Company has annually organized innovation competition and Kaizen campaign as well as innovative work exhibitions for educating our employees.

Under the earnest and continuous development of our human resource, the Company was awarded The Outstanding Skill Development Workplace for 5 consecutive years from the Department of Skill Development, Ministry of Labour.

Summary of personnel development and training courses for year 20017 were as follows,

KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
1	12 May 17	Annual orientation, 2017/2018 (including the Company code of conduct)	KTIS Factory	799	91	10	900
2	25, 27-30 Nov 17	Employee training on the production year 2017/2018 and the Company's quality management system (class 1-7, 100 people per class).	Uttaradit Wittaya School	635	60	5	700



KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
3	20-24 Nov 17	Necessary and mandatory practices for new employees on production year 2017/2018 (class 1-5, 100 people per class).	EPPCO Factory	500	-	-	500
4	28 Nov 17	Training for temporary employees on production season 2017/2018	KTIS Factory	369	-	-	369
5	12, 16-18 Oct 17	Efficient procurement of sugar cane to the factory (class 1-4, 80 people per class).	EPPCO Factory	322	34	-	356
6	4-9 Sep 17	To reduce losses in the production process (class 1-6, 60 people per class).	KTIS (branch 3) Factory	276	67	-	343
7	7-10 Aug 17	Teamwork building and best services (class 1-4, 80 people per class)	ChaoPraya University	298	-	13	311
8	11 Nov 17	Basic fire safety and evacuation training year 2017	KTIS Factory	183	48	8	239
9	20-23 Jun 17	Team building in 4.0 (class 1-4, 60 people per class).	Sappraiwan Grand Hotel and Resort/ Phitsanulok	99	106	7	212
10	21 Apr 17	Performance appraisal training year 2016/2017	KTIS (branch 3) Factory	7	184	13	204
11	6 Feb 17	Quality development at work (class 1-4, 50 people per class)	KTIS (branch 3) Factory	19	137	28	184
12	25-27, 30-31 Oct 17	Development of trainer's potential (THE BEST INSTRUCTOR) (class 1-5, 40 people per class).	KTBE Factory	50	127	2	179
13	20 Jul 17	The rule. regulation and security in working (class 1-3).	KTBE Factory	142	11	-	153
14	22-23 Aug 17	Building successor in the organization (professional leader) (class 1-2).	Sappraiwan Grand Hotel and Resort/ Phitsanulok	89	22	23	134
15	12-13 Jul 17	Basic knowledge of sugar cane work (class 1-2)	EPPCO Factory	127	3	-	130
16	12 Jul 17	Training the trainers in risk management of KTIS group year 2017	EPPCO Factory	43	78	3	124
17	13 - 15 Sep 17	Successful performance from teamwork year 2017	Sappraiwan Grand Hotel and Resort/ Phitsanulok	84	20	4	108

KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
18	21-28 Jun 17	Kaizen training	KTBE Factory	86	17	1	104
19	20 Sep 17	Understanding KTIS regulations and personnel management practices	EPPCO Factory	14	43	47	104
20	29 Nov 17	Efficiency development in office work	KTIS Factory	79	22	2	103
21	19-21 Sep 17	Efficiency development in sugar cane department	Sappraiwan Grand Hotel and Resort/ Phitsanulok	68	29	6	103
22	18 Nov 17	Academic work of sugar cane presentation	KTIS (branch 3) Factory	66	33	3	102
23	22 Aug 17	Online information technology program	KTIS Factory	67	32	3	102
24	19 Jul 17	Prevention illness from office work and healthy promotion in workplace.	TIS Factory	92	5	3	100
25	28 -29 Aug 17	Requirements of Quality Management System ISO 9001:2015	KTIS Factory	6	80	14	100
26	16-18 Nov 17	Man and Work management psychology for supervisor	Sappraiwan Grand Hotel and Resort/ Phitsanulok	3	92	5	100
27	25-26 Sep 17	Revision of FSSC 22000 Requirements Version 4.0 (2017).	KTIS Factory	16	70	14	100
28	25 Jul 17	Sugarcane diseases and prevention	KTIS (branch 3) Factory	67	29	4	100
29	6-7 Oct 17	Potentials development of supervisor on Thailand 4.0	Sappraiwan Grand Hotel and Resort/ Phitsanulok	39	54	-	93
30	7 Oct 17	The efficiency and quality targets of tractor and its maintenance year 2018/2019	KTIS Factory	81	5	6	92
31	6 Sep 17	Energy-saving technology.	EPPCO Factory	1	69	19	89
32	9-10 Nov 17	Efficient teamwork operation	Sappraiwan Grand Hotel and Resort/ Phitsanulok	61	8	12	81
33	22-23 Sep 17	Utilization of academic results for sugar cane field management.	ChaoPraya University	56	10	8	74
34	7 Dec 17	Work safety	EPPCO Factory	55	18	-	73



KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
35	11-12 Sep 17	Steam Turbine technology	EPPCO Factory	28	30	13	71
36	30 Sep 17	Review the Company rules and regulations and the quality management system ISO 9001: 2015, HACCP, GMP, FSSC22000	KTIS Factory	65	5	1	71
37	23-24 Aug 17	Preventive maintenance of AC electric motors	KTIS Factory	59	8	-	67
38	9 Nov 17	The theoretical training and practical training of Simulator equipment.	ChaoPraya University	58	3	-	61
39	25 Oct 17	Basic knowledge of machinery operation in sugar factory and Technic to increase their efficiency as professional	KTIS Factory	12	42	7	61
40	7-8 Aug 17	Quality management system ISO 9001:2015	KTIS (branch 3) Factory	10	40	10	60
41	10 Oct 17	Sugar production technique.	KTIS Factory	6	37	10	53
42	13-15 Nov 17	BONSUCRO Requirement and Interpretation	EPPCO Factory	26	7	17	50
43	13 Jul 17	The implementation and maintenance of conveyor belt.	KTIS (branch 3) Factory	40	10	-	50
44	26 Jul 17	Transformer maintenance technique.	KTIS Factory	40	8	-	48
45	31 Aug, 1-2 Sep 17	Work safety in confined area for operator, supervisor and supporter.	TIS Factory	47	1		48
46	2 Feb 17	Internal Quality Audit	KTIS (branch 3) Factory	-	40	1	41
47	7 Nov 17	Insurance knowledge	EPPCO Factory	2	18	7	27
48	28-30 Aug 17	Maintenance of diesel engine	KTIS Factory	24	1	-	25
49	26 Jul 17	Basic biology and pest control.	EPPCO Factory	12	13	-	25
50	4-8 Sep 17	Speak English word-for-Word, for working purpose level 2	KTIS Factory	21	4	-	25
51	19 Jul 17	Control valve of motor.	KTIS (branch 3) Factory	23	1	-	24
52	19-20 Oct 17	Readiness for the 2017/2018 production season.	Golden Cliff Hotel,Pattaya/ Chonburi	1	17	5	23

KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
53	26 Apr 17	Correlation of measurement tools with modern innovations.	EPPCO Factory	3	20	-	23
54	24 Mar 17	Basic science of yeast, culture germs and bacteria contamination control.	KTBE Factory	15	6	-	21
55	28 Feb - 4 Mar 17	Safety and proper Control of overhead cranes for supervisor/ operator/signal person/material handling person.	EPPCO Factory	11	9	-	20
56	24 Mar 17	De-Mineralization technique.	KTBP Factory	12	6	2	20
57	8 Mar 17	ABB LOW VOLTAGE AC DRIVES AND SOFT STARTER	The Grand Hill Resort & Spa	4	14	-	18
58	19 - 20 Jul 17	Safety Officer at supervisor level	EPPCO Factory	-	18	-	18
59	21 Sep 17	The accurateness test of truck scale (Trial PM).	KTIS Factory	13	3	1	17
60	27 Jul 17	Application of load cell for tank scales and truck scales to increase operational efficiency in compliance to law.	The Paradiso JK Design Hotel/ Nakhon Sawan	8	9	-	17
61	30 Nov - 2 Dec 17	Leadership development for first level executive 4.0.	The Grace Amphawa	-	-	16	16
62	24 Aug 17	Maintenance of the DRIVES	KTIS Factory	11	2	-	13
63	6-7 Jun 17	Application and installation technic for heavy mechanical bearings for in sugar production and power plant.	Sappraiwan Grand Hotel and Resort/ Phitsanulok	6	6	1	13
64	13-15 Sep 17	Human relations "The Success of Organization in the new era"	Sappraiwan Grand Hotel and Resort/ Phitsanulok	10	2	1	13
65	2 Nov 17	Air compressor and air dryer.	EPPCO Factory	4	8	1	13
66	11 Sep 17	The operation and maintenance theory of cane harvester machines.	KTIS Factory	8	4	-	12
67	10 Oct 17	The knowledge of sugar production and sugar loss control.	KTIS Factory	-	11	-	11
68	11-12 Sep 17	Turbine Generation training	Shin Nippon Machinery Co.,Ltd.	3	6	2	11



KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
69	08-09 May 17	Authorized person, operator and supporter in the confined working area.	KTIS Factory	7	3	-	10
70	23-30 May 17	The quality management system ISO 9001: 2015	Sinobrit Bldg.,/BKK	-	9	-	9
71	1-2 Jun 17	Measurement and calibration of Instrument equipment	Technology Promotion Association (Thailand-Japan)	-	8	-	8
72	23-24 Jun 17	The direction of human resource management @ THAILAND 4.0.	The Paradiso JK Design Hotel/ Nakhon Sawan	3	3	1	7
73	21 Jul 17	MS Excel & SQL Statement	KTIS Factory	3	4	-	7
74	4-7 Sep 17	The operation technic of cane harvester machine	CNH Industrial Co.,Ltd./ Samutprakarn	5	2	-	7
75	29-30 Sep 17	Electric hoists and overhead cranes auditor	Traning Center, Total Mechanic Co.,Ltd/Chonburi	-	6	1	7
76	25 Apr 17	The sugar cane purchasing contracts, advanced payment contract, accounting record for tax payment and related matters.	Sinobrit Bldg.,/BKK	1	2	4	7
77	10-12 Oct 2017	The efficiency development of IT service	Sappraiwan Grand Hotel and Resort/ Phitsanulok	3	3	-	6
78	7-8 Sep 17	Uncertainty of chemical measurements	Princeton Park Sweet Hotel	1	5	-	6
79	1 Nov 17	Analysis and reporting techniques for ADMI color.	Naresuan University	1	5	-	6
80	21 Sep 17	ERP SOFTWARE program	Sinobrit Bldg./BKK	2	2	2	6
81	20-21 Jun 17	Writing PLC program for operation.	Rockwell Automation Co.,Ltd/BKK	2	3	-	5
82	21-25 Aug 2017	Maintenance of vehicle air conditioning system.	KTIS Factory	5	-	-	5
83	18 Sep 17	How to increase happiness of sugar cane for higher sugar yield per acre year 2017.	The Grand Hill Resort & Spa	-	1	4	5

KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
84	21-22 Jul 17	Variance Analysis (Combine Analysis).	KTIS (branch 3) Factory	2	3	-	5
85	13-15 Nov 17	BONSUCRO standard	KTIS Factory	2	2	1	5
86	27 Feb 17	Factory potential development of SMEs to be good and friendly in community.	Orapim Room, Sima Thani Hotel/Nakhon Ratchasima	3	2	-	5
87	12 Jun 17	Environmental Monitoring as Food Safety Strategy	Swissotel Hotel/ BKK	-	4	-	4
88	24-25 Aug 17	INNOVATION FOR SUGAR INDUSTRY 4.0	D Varee Charnvee Khao Yai/Nakorn Rachasima.	-	4	-	4
89	19 Jul 17	Increase the boiler's stream efficiency by automatic control system	The Twin Tower Hotel	3	1	-	4
90	14-15 Sep 17	Technology transferring and utilization of sugar cane and sugar products	Dusit Thani Bangkok Hotel	-	4	-	4
91	24-26 Jul 17	Microsoft Office 2013 (class 1-2).	Zuellig House/BKK	3	1	-	4
92	27 Nov 17	Safety in the use of Forklift.	Grand Vissanu Hotel/ NakhonSawan	4	-	-	4
93	26 Jul 17	Basic knowledge about pest prevention and elimination.	EPPCO Factory	2	2	-	4
94	18-20 Jul 17	Biogas production from various raw materials.	Woraburi Ayothaya Convention Resort	3	-	-	3
95	21 Apr 17	To reduce costs of production through Lean Manufacturing, purchasing and warehouse management.	RattanaPark Hotel/ Phitsanulok	-	3	-	3
96	10 Nov 17	Report Analysis resulted from Flow Meter equipment.	Villa Suvarnabhumi Hotel	-	3	-	3
97	19 Jul 17	The project to increase the boiler's stream efficiency by automatic control system.	The Twin Towers Hotel/BKK	-	3	-	3
98	27 Apr 17	Guidelines for industrial waste management and the necessary practices in compliance with law.	Convention Room 2, 5th Fl., Topland Hotel /Phitsanulok	-	2	1	3
99	6-7 Jul 17	Energy auditors in organization.	Ambassador Jomtien/Chonburi	1	2	-	3



KTIS Group The company's personnel training courses, annual, 2017

No	Date	Course name	Training venues	2017			
				Level of Participants			Total
				Officer	Supervisor	Manager and Equivalent	
100	19 Jul 17	The potential development of Halal licensed business in the country 2017	Bansuan Resort/ Nakhonsawan	2	1	-	3
101	6 Sep 17	The academic seminar on "Environment, Safety for Industry 4.0".	Bangkok International Trade and Exhibition Centre	-	3	-	3
102	12-13 Jul 17	2017 International Symposium on Risk Base Maintenance & Risk Base Inspection	Central Plaza Hotel /BKK	-	2	-	2
103	31 May 17	Achieving Higher Laboratory Quality Standards with proficiency Testing	JW Marriott Hotel/ BKK	-	1	1	2
104	18-19 May 17	Advance Human Machine Interface	JW Tect Co.,Ltd.	-	2	-	2
105	28 Jul 17	To increase boiler's efficiency and save stream.	Zenith Sukhumvit Hotel/BKK	-	2	-	2
106	15-16 Jun 17	Instrument control system as the requirements of ISO 9001:2015.	Technology Promotion Association (Thailand-Japan)	-	2	-	2

Corporate Governance

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 | 6. Governmental organizations |
| 2. Farmers | 7. Suppliers and Contractors |
| 3. Customers and creditors | 8. Academics |
| 4. Shareholders or investors | 9. Educational institutions |
| 5. Communities local to each Company place of business | 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. 183 Ext. 154 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 "Investor Relations". The Company has delegated the Investor Relations and Corporate Communications 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 **Investor Relations and Corporate Communications Department, Tel 02-692-0869-73 Ext. 193 Ext. 26 Email : ir@ktisgroup.com**

Activity	Time/Year
Opportunity Day	4
Company Visit	3
Contact Us by Email	8
Factory Visit	4

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 shall define objectives that promote sustainable value creation and governance outcomes as a framework for the operation of the company.

- The Board of Directors shall ensure that the company's annual and medium-term (for example, 3-5 years) objectives, goals, strategies, and plans correlate and align with the company's long-term objective, while considering the business environment, opportunities, and the company's risk appetite. The board shall ensure that the company's medium-term objectives, goals, strategies, and plans are annually reviewed and updated as appropriate.
- When developing strategies and plans, the Board of Directors shall promote innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities.
- 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.
- The Board of Directors consider the effectiveness of directors and has a policy that the number of director positions directors can hold simultaneously in other companies but should not exceed five listed companies
- For businesses that the company has or plans to hold a significant investment in (such as between 20 percent and 50 percent of shares with voting rights), other than subsidiaries, the Board of Directors shall ensure that shareholder agreements or other agreements are in place to enable the company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions. This is to ensure that the company has sufficient, accurate, and timely information for the preparation of its financial statements that conform with relevant standards



- The Board of Directors shall prioritize and promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in corporate strategy, operational development planning, and operation monitoring.
- The Board of Directors shall nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products and services, promoting research, improving production and operation processes, and collaborating with partners.
- The Board of Directors shall establish a framework for governance of enterprise IT that is aligned with the company's business need and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the company's objectives by allocating adequate and optimal investment in IT resources. And also ensures IT security policies and procedures are in place.
- In assessing the effectiveness of the company's internal controls and risk management, the Board of Directors shall consider the results of internal controls and risk management at its subsidiaries and businesses in which it has a significant investment (between 20 percent to 50 percent of shares with voting rights).

5.9 Authorization of the Board of Directors

- 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
- Approval on appointment of person(s) who will be director(s) casting the vote(s) in subsidiaries whereby such person(s) who will be appointed as director(s) shall do any act for the best interest of the subsidiaries (not the Company). The Company has specified that the appointed person(s) shall cast the vote in the subsidiaries in accordance with the approval of the Board of Directors of the Company on material matter(s) which is required the resolution of the Board of Directors of the Company if such matter(s) is done by the Company. The appointment of person(s) to be director(s) of subsidiaries on behalf of the Company shall be done in proportion to the Company's shareholding in the subsidiaries. The person(s) appointed as director(s) in subsidiaries shall procure the subsidiaries to have their Articles of Association contained information regarding the related parties transaction, acquisition and disposition of assets, or other material transaction in compliance with the Company regulations for the disclosure of mentioned transactions, including keeping information and accounting records so that they could be verifiable by the Company and prepare the financial statements in time.

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.

- ⑥ The opinion regarding the adequacy of the internal control of the Company.
 - ⑥ 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.
 - ⑥ The opinion regarding the appropriateness of the auditor.
 - ⑥ The opinion regarding the conflicts of interest.
 - ⑥ The number of meetings of the Audit Committee and the attendance of each auditor thereat.
 - ⑥ The opinion or the general remarks arising from the Audit Committee's compliance with the charter of the Audit Committee.
 - ⑥ 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:
- ⑥ A transaction resulting in a conflict of interest;
 - ⑥ Fraud or any major irregularity or defect in our internal control system; or
 - ⑥ 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, and that the reviewing thereof and the balance of power is appropriate;
- 3) 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;
- 4) 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.

Section 6 Corporate Governance Code : CG Code

The Board of Directors acknowledged the implementation of CG Code 2017 and recognized the roles and duties of the Board of Directors as being in charge of creating sustainable value to the Company and the overview evaluation of CG Code 2017 by considering basic explanation and performance assessment from the Company Secretary and Internal Audit Department.

Section 7 Supervising the use of Internal Information

We have implemented the following policy prohibiting Directors and Executives from using internal, non-public information for personal benefit and for securities trading:

- (1) We informed our Directors, Executives and employees holding managerial positions, including their equivalent or higher in the accounting and finance departments, of their obligation to prepare and submit reports containing information on securities in their possession, including securities in the possession of their spouse and children, to the Office of the SEC pursuant to Section 59 of the Securities Act. They have also been informed of the corresponding penalties set out in Section 275 of the Securities Act.
- (2) Directors, Executives and persons holding managerial positions, including their equivalent or higher in the accounting and finance departments, are to prepare and submit reports containing information on securities in their possession, including securities in the possession of their spouse and child, to the Company Secretary. The report shall be prepared and submitted within thirty days of the date of appointment of the Director or Executive. Any change in possession of securities is to be reported within three working days from the date of the purchase, sale, transfer or receipt of securities.

- (3) We require our Directors, Executives and persons holding managerial positions, including their equivalent or higher in the accounting and finance departments and relevant operators who have access to internal information which may materially affect our share price, to abstain from trading in our securities for a specified period before our financial statements or our status our financial condition is disclosed, or until such information has been disclosed to the public. We will issue a notification in writing to our Directors, Executives and persons holding managerial positions, including their equivalent or higher in the accounting and finance departments, at least thirty days prior to the disclosure of such information to the public. Such material information shall also not be disclosed to any third party.

Should there be a breach of the abovementioned rules, the disciplinary sanctions imposed may vary from a written reprimand to wage reduction, suspension of work or termination of employment. The severity of the sanction imposed shall be determined based on whether the breach was intentional and the severity of the misconduct.

Section 8 Remuneration for the External Audit

8.1 Audit Fee

The Company and its subsidiaries have paid audit fees as follows:

- 1) The Company's external audit (Miss Sumalee Reewarabandith , Miss Manee Rattanabunnakit and Mr. Termphong Opanaphan) in the last year total 0 baht.
- 2) The audit company (EY Office Ltd.) person and businesses related to the external auditor and the audit company in the last year.

No.	The Company and its subsidiaries.	2016	2017
1	Kaset Thai International Sugar Corporation Pcl. (KTIS)	1,240,000	1,240,000
2	Thai Identity Sugar Factory Co., Ltd.(TIS)	430,000	430,000
3	Environment Pulp and Paper Co., Ltd.(EPPCO)	250,000	250,000
4	KTIS Bioethanol Co.,Ltd. (KTBE) (Former Name : Ekarat Pattana Co., Ltd.)	340,000	340,000
5	Kaset Thai Bio Power Co., Ltd. (KTBP)	250,000	250,000
6	Thaiekaluck Power Co., Ltd.(TEP)	150,000	150,000
7	Ruampol Bio Power Co., Ltd.(RPBP)	150,000	150,000
8	Permsinpattana Co., Ltd.(PSP)	35,000	35,000
9	Sapsirikaset Co., Ltd.(SSK)	47,000	47,000
10	Lopburi International Sugar Co., Ltd.(LIS)	35,000	35,000
11	Lopburi Bioethanol Co., Ltd.(LBE)	35,000	35,000
12	Lopburi Biopower Co., Ltd.(LBP)	35,000	35,000
13	KTIS Bio Energy Co., Ltd.(KBE)	35,000	35,000
14	KTIS Biogas Power Co., Ltd.(KBGP)	35,000	35,000
15	Kasetthai Wiwat (KTW)	100,000	100,000
16	KTIS Research and Development Co.,Ltd (KTIS R&D)	38,000	38,000
17	KTIS Bio Fertiliser Co.,Ltd (KTBF) (Former Name : Kaset Thai Bio Fertilizer Co.,Ltd)	45,000	45,000
Total		3,250,000	3,250,000



8.2 Non-audit fee

No.	The Company and its subsidiaries.	2016			2017		
		non-audit service	Remuneration for other services (Baht)		non-audit service	Remuneration for other services (Baht)	
			The paid during the fiscal year.	The paid in the future.		The paid during the fiscal year.	The paid in the future.
1	Kaset Thai Bio Power Co., Ltd. (KTBP)	Review BOI (in Baht)	50,000	-	Review BOI (in Baht)	50,000	-
2	KTIS Bioethanol Co.,Ltd. (KTBE) (Former Name : Ekarat Pattana Co., Ltd.)	"	50,000	-	"	50,000	-
3	Environment Pulp & Paper Co.,Ltd (EPPCO)	"	50,000	-	"	50,000	-
4	Thai Ekarak Power Co.,Ltd (TEP)	"	50,000	-	"	50,000	-
5	Ruampol Bio Power Co., Ltd. (RPBP)	"	-	-	"	50,000	-
6	KTIS Bio Fertiliser Co.,Ltd (KTBF) (Former Name : Kaset Thai Bio Fertilizer Co.,Ltd)	"	-	-	"	50,000	-
Total			200,000	-	"	300,000	-

Corporate Social Responsibility

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 (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.



➤ Demonstration of sugar cane planting by Shute Planter



➤ Agricultural machinery demonstration at sugar cane field



➤ Sugar cane trashes collecting demonstration



➤ Agricultural machinery demonstration and sugar cane breeding Lesson at Sustainable and Integrated Cane Farming Education Park

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, etc. Contracted farmers are encouraged to use these agricultural machines to reduce costs, increase productivity and solve labor shortage problem.

For the water source development, the 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. In 2016 KTIS group cooperated with the government sector and cane farmers in The Groundwater Drilling Project in order to service the sustainable and concrete solutions as drought management to provide cane farmers with sufficient water for personal and agriculture usage throughout the year. Such irrigation system will utilize water at most.

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. 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 memorandum

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.



➤ MOU with Kasetsart University for Research and Development

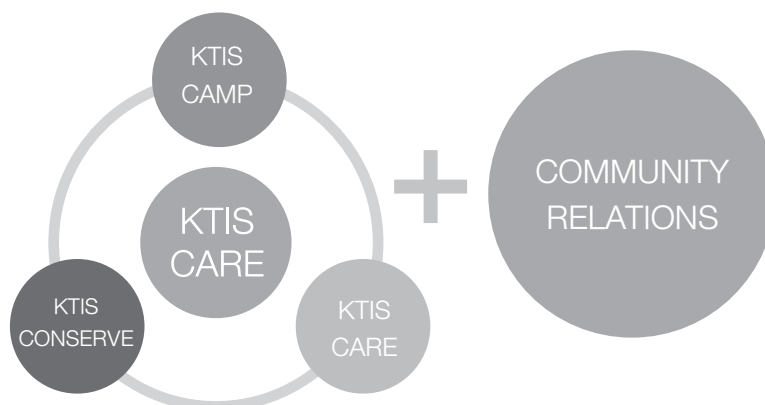


➤ MOU with Khon Kaen University



➤ MOU with King Mongkut's University of Technology North Bangkok for Technology

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

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.



➤ KTIS Group's Campaign against Child Labor in Production Process and Cane Farming

Highlights of CSR Activities and Projects of KTIS

Sugar Cane 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 Farmer's School



➤ The Students joined the Sugar Cane Farmer's School

Village, Temple, School And Sugar Factory Project

Since 2013, KTIS group has organized the cooperation project in planting sugar cane between village, temple, school and sugar factory in their areas with the objectives to educate sugar cane planting technique for students, community and local people. The temples and schools in program will plant sugar cane and be the education center in there areas. The sugar factory and its contracted sugar cane farmers join with the village leaders and villagers to provide sugar cane variety, fertilizer, insecticide, and agriculture equipment to the projected areas under the operation of school teachers and students. Finally, the revenue from selling sugar cane yeild will return to the temples and schools for religion purposes and student scholarships. The officers of KTIS group will train and look after these activities very closely.



➤ Village, Temple, School And Sugar Factory Project



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.



➤ Fresh Sugar Cane Campaign 2017

Good Mental Health, Happiness, Increase Work Quality Project

For CSR and efficient and effective human resources development, KTIS group has realized on the organization personnel, so the project called “Good Mental Health, Happiness, Increase Work Quality Project” was set up with many activities in order to create positive thinking and encourage employees to develop their creativity and join activities i.e. Beautiful Workplace activity,



➤ Marigold Planting activity in Remembrance of His Majesty King Bhumibol Adulyadej

Small Parks within and around the factory activity for good environment and safety, Leadership Training in every level of organisation, KTIS group Sports activity, Quarterly Trees Planting for the community, Production Safety activity to encourage no alcohol drinking and happy workplace, Community Voluntary Group activity etc.

Other activities i.e. Marigold Planting activity in Remembrance of His Majesty King Bhumibol Adulyadej and Trees Planting for our country activity etc. It could be seen that these activities could develop human resource properly enabling personnel to work happily and efficiently leading to quality contributions.



➤ Award to KTIS factory for Skill Development Promotion



➤ National Award for Thai Identity Sugar factory for Safety, Health, and Environment In Operation for 5 consecutive years (Diamond Level)

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 4 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, have meals together and are given sports equipment for school and souvenirs.

Society, Community, Environment Conservation Project

The project was organized for activities that benefit the society, community and environment i.e. The Seminar of Vetiver Grass Development Project to prevent soil erosion at Vetiver Grass Development And Campaigning Center On Forest2, Sukhothai Province, The Misery Healing and Happiness Development Create Smile activity, Family Love Enhancement For Elderly People activity etc.



➤ The Seminar of Vetiver Grass Development Project to prevent soil erosion at Vetiver Grass Development And Campaigning Center On Forest2, Sukhothai Province

TO BE NUMBER ONE CLUB “EPPCO”

TO BE NUMBER ONE Project is the project that creates campaigns to protect and solve drug problems. The project was established by Princess UbolRatana Rajakanya Sirivadhana Barnavadi which aims to give opportunity for the people who used to be addicted to drugs and were healed are able to live as normal life in society.

Environment Pulp and Paper Co., Ltd. (EPPCO) of KTIS group has set up “TO BE NUMBER ONE” club since 2004 with the employee members at the aims to give opportunity to people who used to be addicted to drugs and were healed to work in the company, be a good man, be potential employee and to keep away from drugs with own strength as “To be number one without drugs”. At present, the employee members have good health, good spirit and are able to work responsibly with happiness, particularly do not involve in drugs.



➤ TO BE NUMBER ONE Club “EPPCO”



Additionally, KTIS group supports activities that develop and maintain good relationship as well as good quality of living to society i.e.

- Provided essentials to Pra Kru Nivet Vorawat, Abbot of Bankang Temple, Nakornsawan Province for repairing of the monk’s parsonages.

- Joined with community leaders on the Youth Games as part of the Company's involvement in the community's activities and aspiration to fight against drugs and our employees spent their leisure time usefully.



- Sport Games, anti-drugs campaign (Loy Kratong Festival, Nong Plo Temple)

- Soccer Game Supporting by Thai Identity Sugar Co., Ltd. and Local community at Sukhothai Province under Anti-Drugs Campaign



- Thai Identity Sugar Team

- Supporting "7,000 Bicycles donation to underprivileged schools on 50th Year of The Federation of Thai Industry"



- Volunteering activity programs i.e. Landscape development, Cleaning Temple areas of nearby community for better looking etc.



- Landscape development and cleaning temple area of nearby community

- Money and essentials donation to the community for developing initiatives and celebrating traditional occasion i.e. Children's Day etc.



- Children's Day activities at Sukhothai Province

- Cooperated with The Thai Chamber of Commerce, Uttaradit Province in supplying water, dry food and essentials donation to the flood victims at The North East



- ▶ Participated in Public Happiness Project for providing knowledge and creating good mental health to local people.



▶ “The Public Happiness Project” at Uttaradit Province

- ▶ Thai Identity Volunteer Club donated money for Sport activity and lunch to kindergartens.



▶ donated money for Sport activity and lunch to kindergartens

- ▶ Blood donation to many hospitals by Executives and Officers of headquarter and factories under “KTIS group's join forces, join spirits, blood donation” activity in Remembrance of His Majesty King Bhumibol Adulyadej.



For more information about our CSR activities and the sustainability report, please visit our website at www.ktisgroup.com

Internal Control and Risk Management

Internal Control

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

In 2017, the Audit Committee has assigned Internal Audit Team to assess company's internal control systems under the Annual Internal Control Assessment Form. The Internal Audit Team found that the internal control systems were complied with the assessment form of The Office of the Securities and the Exchange Commission and the reports were submitted for approval consideration to Audit Committee Meeting No. 5/2017 held on December 27th, 2017 and Board of Directors Meeting No. 1/2018 held on February 23th, 2018.

The Audit Committee and Board of Directors resolution considered that KTIS group's internal control systems were suitable for the current operations and the management supported the continuous internal control systems according to the principles and controls under the standard of The Committee Of Sponsoring Organization Of The Treadway Commission (COSO) Year 2013 and ensured that all operations were 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, 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 Work

In order to ensure that the organizational objectives were practiced in all operations as well as significant risk managements were managed to be minimal or zero effect to its business performance, the Board of Directors assigned the Risk Management Committee to set up risk policies, revision and continuous improvement of the risk management scopes. The Risk Management Committee has set up the risk management system which is standard and concrete practice according to the concepts of The Committee Of Sponsoring Of the Treadway Commission (COSO). There is Operation Risk Management in every section that will be responsible for taking risk policies into practices, collecting and revising risk information as well as to ensuring that all important risks are properly managed including strategy, finance, operation, laws and regulations concerned to business and its images.

Additionally KTIS group are aware of the Event risks and the risks which may arise in another 3 years and ensures that these risks will not significantly impact to business operations i.e. risks from the Amendment of sugarcane and sugar Act, risks from the change in



government energy policies, natural conditions such as sugar cane quality, water supply for sugar cane fields, flood in sugar cane areas caused by heavy rainfalls etc. These risks are also monitored and assessed under the risk management scopes and are regularly reports in operation risk management monthly report and key risk indicators.

In 2017, the Risk Management Department held many workshops on organizational risk management in order to develop risk advising trainers of KTIS group and increased experience for operation risk management and these trainers were able to give team advises.

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.
- Assign the persons who are responsible for related laws and regulations.

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 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 including Key Risk Indicators (KRI) of the organization to ensure that all risks are managed effectively.
- 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 sectors.
 - 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:

- Law Department is responsible for all updated laws and regulations concerning KTIS group business and communicates to related officers for their practice and compliance.
- CEO Bureau and Company Secretary are 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 Board of Directors has assigned the Risk Management Committee to manage KTIS Group risks as a whole, revise the policies and the scope of risk management and adjust consistently with the operation results of risk management from recent years to ensure that all risks are managed effectively at acceptable levels (Risk Appetite) under the policies and the risk management framework. In terms of governance, the Risk Management Committee considers Corporate Risk Profile, Key Risk Indicator and Risk Management Plan to be aligned with business directions, strategies, corporate goals and environmental changes. The operation results have been regularly monitored, assessed and progressively summarized risk reports to the Board of Directors and the Audit Committee quarterly.



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 2017, 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 2017, the Audit Committee held 5 meetings for considering the following assigned matters,

- Consideration of Financial Statements and related financial reports to ensure the accuracy and adequate disclosure according to the accounting principles and practices in compliance with generally accepted accounting standards and their significant changes. These also included the management reasons for imposing the accounting policies prior to submission to the Board of Directors for disclosure to the shareholders and investors.
- Consideration of Internal control system and internal audit work to ensure their appropriateness and effectiveness.
- Revision of annual internal audit plan, related coordination procedures of the plan and assess the internal audit results with the Internal Audit team and Certified Auditor.
- Consideration with the Internal Audit Team about the problems and constraints during audit and revised the performance of Internal Audit Team.
- Consideration the transactions that might result in conflict of interests i.e. related party transactions etc.
- Governing to ensure that all operations were in compliance with laws and regulations of The Securities and Exchange Act.
- Considered and proposed the appointment of Company's certified auditor and the auditor's fee.
- Self-assessment about its assigned duties and responsibilities.

There were meetings 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. Additionally, there were formal meetings with the management too.

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 2017 financial statements for the year ending 31 December 2017 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 2017 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 and 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 and future 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 2017 were appropriate and the management successfully mitigated the risks.

4. Adequacy of Internal Control System

The Audit Committee regularly supervised the performance of internal audit department and considered the Annual Audit Plans (Risk-Base Audit) and proposes to the Board of Director for approval and 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 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 2017 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 2018

The Audit Committee appointed auditor(s) to be the auditor(s) for the year 2018, 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 2017 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 Transactions

Related parties transactions

Related parties transactions as at 31 December 2016 and 31 December 2017 are as summarized below:

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
1. S.I. Property Co., Ltd. ("S.I. Property") (In 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 EngEng Mr. Sirapak Siriviriyakul Related companies hold shares of S.I. Property are Aekphol Sugar Co., Ltd. and SuebSirSawat Co., Ltd. 	Office Rental Expenses and Related Charges Rental expenses and related 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. Other Receivable Seminar Fee	2,239,093.16 398,758.00 -	1,723,433.11 2,220.42 398,758.00 19,642.00	<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.
2. Aekphol Sugar Co., Ltd. ("APS") (In 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 	Office Rental Expenses and Related Charges Rental expenses and related charges paid by KTIS Group Accrued Expenses Accrued rental expense and related charges	14,931,242.36 128,177.26	14,722,891.17 112,799.60	<ul style="list-style-type: none"> APS is the owner and the lessor of the office spaces of building 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, to the Company, TIS, EPC and EPCO. The rental rates range from approximately

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
3. Thas Thai Business Co., Ltd. ("TT") (In the business of operating and establishing petrol stations)	<ul style="list-style-type: none"> Related companies hold shares of APS is Jaroon Hatai Ake Holding Co.Ltd Related companies hold shares in TT is Poompattana Business Co.Ltd 	Vehicle EPPCO buy Pickup Truck. Security Deposit Receivable Security deposit for the office space rent.	100,000.00 3,033,099.00	3,364.48 3,033,099.00	THB180 - THB 230 per sq.m. The rental terms and conditions are in line with market rates and practices. <ul style="list-style-type: none"> EPPCO has buy Pickup Truck for use as operate area from APS. Prices, terms and conditions are in line with the market rates and practices.
		Purchase of Gasoline TT sold gasoline to the Company, TIS, EPC, EPPCO and KTBF	113,645,606.57	188,173,490.06	<ul style="list-style-type: none"> TT sold gasoline through gas stations located near the factories of companies in KTIS group. 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.	10,720,962.40	15,320,233.88	
		Purchase of Vehicle Tyres TT sold vehicle tyres to the Company and TIS.	2,035,167.29	2,223,062.61	<ul style="list-style-type: none"> TT sold vehicle tyres to companies in KTIS group. Selling price, terms and conditions are in line with market rates and practices.
		Accounts Payable Accounts payable related to the purchase of vehicle tyres the Company and TIS from TT.	1,891,301.00	352,501.00	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
		Revenue from Land Lease The Company and TIS leased land for TT to operate its gas stations.	120,000.00	133,512.30	<ul style="list-style-type: none"> TT operates gasoline station business of land located near their factories of companies in KTIS group, i.e.(1)land with total area of 5 rais, located in Nhong Po, Taklee, Nakornsawan, and (2) land with total area of 4 rais and 9 sq.wah, located in KhungTapao, Muang, Uttaradit. The lease fees, terms and conditions are more favorable than the market rates and practices. On 2 July 2012, the Company and TIS made 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.
		Other Payable The Company and TIS received land lease fee in advance.	29,917.80	34,405.50	
		Revenue from Sale of Materials The Company and TIS sold materials to TT.	1,812.59	3,918.39	<ul style="list-style-type: none"> The Company and TIS sold waste and materials to TT. Selling price, terms and conditions are in line with market rates and practices.
		Other Receivable Accrued income of the Company from sale of materials.	-	18,409.45	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
4. TISS Co., Ltd. ("TISS") (In 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 KTIS and Aekphol Sugar Co., Ltd. 	Export Expenses TISS handles the export of products produced by the Company and TIS. Most of the expenses are export agent fees, financial agent fees, export documentation expenses and custom clearance fees.	20,266,391.41	15,059,616.60	<ul style="list-style-type: none"> Under the Sugarcane and Sugar Act, sugar mills are prohibited from exporting sugar on their own accord. Therefore, companies in KTIS group have to use export services of TISS, an export company.
		Accrued Expenses Accrued expenses of TIS for export fees and service provided by TISS.	-	111,415.98	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Sugar export fee which TISS must pay to TCSC. Seminar Fee 	11,782.00	60,132.19	<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 by TCSC. Fee to be paid to TCSC is in line with the market rates and practices.
		Other Receivable Revenue from sale of sugar export Other Payable Revenue from sale of sugar export	-	-	<ul style="list-style-type: none"> TISS solicited packing credit facilities from commercial banks on behalf of the Company and TIS. TISS received revenue sale sugar from foreign buyers. And in the during to pay back KTIS.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
5. Siam P.P. International Co., Ltd. ("Siam PP") (In 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 Aekphol Sugar Co., Ltd. 	<p>Lime Trading Siam PP sold lime, a raw material used in the production of sugar and pulp, to the Company and EPPCO.</p> <p>Accounts Payable Accounts payable associated with the purchase of lime by the Company and EPPCO from Siam PP.</p> <p>Other Receivable Seminar Fee</p>	62,394,889.52 5,030,396.26 -	76,689,935.25 7,384,204.39 13,126.00	<ul style="list-style-type: none"> Siam PP sold lime to the Company and EPPCO. Selling price, terms and condition are in line with the Company's internal policies.
6. Ruamkij/Angthong Warehouse Co., Ltd. ("Ruamkij") (In the business of leasing warehouses)	<ul style="list-style-type: none"> Ruamkij has 4 common directors with the Company: (1) Mrs. Darat Vibhatakalasa (2) Mr. Nathapun Siriviriyakul (3) Mr. Apichart Noochprayoon (4) Mr. Sirapak Siriviriyakul The Company's shareholders and related companies hold shares in Ruamkij is Aekphol Sugar Co., Ltd. and Ruamtoon Trading Nakhonsawan Co., Ltd. 	<p>Storage Service Fees The Company and TIS rent Ruamkij's warehouses.</p> <p>Accrued Expenses Accrued warehouse rental expenses of the Company and</p>	33,034,562.20 1,856,988.27	66,421,555.18 6,965,130.85	<ul style="list-style-type: none"> Ruamkij has 4 warehouses in (1) Pa Mok, Angthong and (3) Plakod, Angthong. for the purpose of sugar storage. Rental 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
			31 December 2016	31 December 2017	
		Logistics Service Fee In addition to warehouse leasing, Ruamkij provides logistics services to the Company and TIS.	113,501,608.25	106,360,176.61	<ul style="list-style-type: none"> Ruamkij provides logistics service for the Company and its subsidiaries. Prices, terms and conditions are in line with the market rates and practices. The Company sold package to Ruamkij. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Expenses Accrued logistics service fees of the Company and TIS payable to Ruamkij.	2,843,110.85	5,871,118.35	
		Other Revenue Package	2,985.98	27,000.00	
7. RuamToon Warehouse Nakornsawan Co., Ltd. ("RuamToon") (In 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 Jaroon Hatai Ake Holding Co., Ltd and Aekphol Sugar Co., Ltd. 	Storage Service Fees The Company and TIS rent Ruamkij's warehouses.	26,443,344.12	40,123,867.43	<ul style="list-style-type: none"> The warehouses were rented from Ruamkij for the purpose of sugar storage. Rental prices, terms and conditions are in line with the market rates and practices RuamToon provides logistics service for the Company and its subsidiaries. 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 RuamToon.	538,412.30	4,053,760.07	
		Logistics Service Fee In addition to warehouse leasing, RuamToon provides logistics services to the Company and TIS.	11,502,758.87	17,012,910.72	
		Accrued Expenses Accrued logistics service fees of the Company and TIS payable to RuamToon.	806,071.84	3,580,253.54	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
		Revenue from sales	-	-	<ul style="list-style-type: none"> RuamToon has purchased sugar from wet deposits from TIS prices and trading conditions, according to market prices and trading conditions. TIS sold package to RuamToon. Prices, terms and conditions are in line with the market rates and practices.
		Sugar	-	-	
		Other Revenue	3,745.00	-	
		Package	-	-	
		Other Receivable	-	-	
		Accrued income of the Company from sale of materials.	-	-	
8. Thai Wisanu Nakornsawan Co., Ltd. ("Thai Wisanu") (In the hotel business)	<ul style="list-style-type: none"> Thai Wisanu has 4 common directors with the Company: <ul style="list-style-type: none"> (1) Mr.Parphan Siriviriyakul (2) Mrs. Darat Vibhatakalasa (3) Mr.Prasert Siriviriyakul (4) Mr. Nathapun Siriviriyakul Related companies hold shares in Thai Wisanu is Jaroon Hatai Ake Holding Co.,Ltd 	Hotel Fees	1,591,281.64	1,269,454.61	<ul style="list-style-type: none"> Thai Wisanu is the owner of Grand Wisanu Plaza Hotel located at 26-28 Attakaweroad, Muang, Nakornsawan. The Company and TIS have occasionally used accomodations and services from the hotel. Prices, terms and condition are in line with market rates and practice.
		Accrued Expenses	3,200.00	139,400.00	
		Fees for hotel rooms and services payable by the Company and TIS to Thai Wisanu.	-	-	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
9. Weswisanu Co., Ltd. ("Weswisanu") (In the business of leasing hostels)	<ul style="list-style-type: none"> Thai Wisanu Nakornsawan Co., Ltd., a related party of the Company, hold shares in Weswisanu is Jaroon Hatai Ake Holding Co., Ltd 	Employee Dormitory Rent EPC and EPPCO have rented Weswisanu's dormitory for their employees.	4,277,752.00	3,684,070.00	<ul style="list-style-type: none"> The Company and its subsidiaries rented dormitory from Weswisanu is the owner of the dormitory located in Nhong Po, Taklee, Nakornsawan, near the EPC and EPPCO factories. At approximately THB 3,000 per room per month. The rent charged by Weswisanu, considering its return on assets, is not higher than other companies' rental rates in the dormitory rental business.
		Accrued Expenses Accrued expenses of EPC and EPPCO payable to Weswisanu for employee dormitory rent.	396,520.00	340,390.00	
10. SuebSiriSawat Co., Ltd. ("SuebSiri Sawat") (In the business of selling, purchasing and leasing property) business)	<ul style="list-style-type: none"> Related companies hold shares in SuebSiriSawat is Jaroon Hatai Ake Holding Co., Ltd 	Land Lease Expense EPC pay for the land lease fees Prepaid Lease Fees Prepayment of the land lease fees Accrued expenses Land Lease Expenses	200,093.03 100,000.00 -	215,682.07 - 114,684.93	<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 use as a pathway to EPC's plant. The price, terms and conditions are more favorable for EPC than the market rates and conditions.



Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
					<ul style="list-style-type: none"> On 2 July 2012, EPC made a 30-year lease agreement with SuebSirSawat. Lease fee under the said agreement is THB 200,000 per year for each plot 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.
11. RuamToon Trading Nakornsawan Co., Ltd. ("RuamToon Trading Nakornsawan") (In the transportation business)	<ul style="list-style-type: none"> RuamToon Trading has 1 common director with the Company, namely Mr. Prasert Siriviriyakul. Related companies hold shares in RuamToon Trading is Jaroon Hatai Ake Holding Co.,Ltd 	Sugar Transportation Cost TIS engaged RuamToon Trading in the transportation of sugar to the warehouses.	4,896,879.88	7,188,345.71	<ul style="list-style-type: none"> TIS engaged RuamToon Trading in the transportation of sugar to the warehouses. Prices, terms and conditions are in line with the market rates and practices.
		Accrued Transportation Expenses Sugar transportation expenses	48,164.47	622,957.31	<ul style="list-style-type: none"> The Company deducts a deposit worth 10% of the transportation cost to guarantee the payment of compensation for damage during the transportation.
		Other Revenue Compensation for damage of goods (sugar) paid to TIS	12,710.28	10,310.75	
		Deposit – Transportation Cost Cost to guarantee the payment of compensation for damage during the transportation.	197,517.79	794,881.31	The deposit is returned after the delivery of goods to the destination.
		Other Receivable Sugar and sugar change Fee	-	1,692.50	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
12. Siri Charoen Export Co., Ltd. ("Siri Charoen") (Currently not involved in any business)	<ul style="list-style-type: none"> Siri Charoen has 1 common director with the Company, namely Mr.Sirapak Siriviriyakul Directors and related parties hold shares in Siri Charoen is Jaroen Hatai Ake Holding Co.,Ltd and 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 	82,450,000.00 342,167.50 598,319,491.06	77,600,000.00 322,040.00 568,641,531.06	<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. NowaratWangpredalertkul, APS, and Mr. MontreeLekvichittada as major shareholders with the 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 bankruptcy court has ordered TIS to exit the business rehabilitation plan whereas 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 equaled 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.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
13. Ruampol Enterprise Co., Ltd ("RPE") (Formerly operated sugar production and trading business but currently is not in business operation.)	<ul style="list-style-type: none"> RPE has 6 common directors with the Company: <ul style="list-style-type: none"> (1) Mr. Parphan Siriviriyakul (2) Mr. Prasert Siriviriyakul (3) Mr. Nathapun Siriviriyakul (4) Mr. Sirivuthi Siamphakdee (5) Mrs. Darat Vibhatakalasa (6) Mr. Sirapak Siriviriyakul The Company's shareholders and related companies hold shares in RPE are Siricharoen Export Co., Ltd and Jaroon hatai Ake Holding Co., Ltd 	<p>Land Lease Expenses KTIS pay for the land lease fees</p> <p>Deposit – Factory Lease Fees Rental deposit for land and machinery of sugar factories.</p> <p>Prepaid Expenses Prepayment of the land, factory and machinery lease fees</p> <p>Debts under Financial Lease Debts under financial lease for building and machinery</p>	5,300,000.00	5,300,000.00	<ul style="list-style-type: none"> 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 reduce TIS' future debt repayment burden. The Company leased land from RPE, with 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. 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. The land lease agreement has the term of 30 years and can be renewed to extend the term for another 30 years.

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
		Accrued interest payable Interest payable on finance leases.	33,245,889.76	32,955,312.65	<ul style="list-style-type: none"> The rate of lease fee was in line with the appraisals conducted by Knight Frank Charter (Thailand) Co., Ltd. on 8 May 2012 and Sallmanns (FarEast) Limited on 21 May 2012.
		Financial Costs Interest expenses under financial lease for building and machinery	89,092,008.08	88,365,128.98	
		Land Lease Expenses KTIS leased land	824,800.00	824,800.00	<ul style="list-style-type: none"> The company leased the land from RPE. The price, terms and conditions are more favorable for the company than the market rates and conditions.
		Electricity charge electricity charge	-	178,811.52	
		Accrued expenses Costs payable from KTIS leased land.	-	12,411.41	
		Prepaid Lease Fees Prepayment of the land lease fees	-	-	
		Other Receivable House and building tax exemption	-	-	
		Other Payable Electricity Development Fund	-	127,054.79	



Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
14. SirirCharoen Sapraiwat Co., Ltd. ("SSPW") (operates hotel and resort business)	<ul style="list-style-type: none"> SSPW has 3 common directors with the Company: (1) Mr. Pricha Attavipach (2) Miss Chua EngEng (3) Mr. Sirapak Siriviriyakul The Company's shareholders and related companies hold shares in SSPW is Aekphol Sugar Co., Ltd. 	<p>Resort Fees Accommodation fees for rooms and services</p> <p>Accrued Expenses Accrued expenses of accommodation fees for rooms and services</p>	18,450.00	1,241,766.36	<ul style="list-style-type: none"> KTIS group has used hotel accommodation for seminars and services from SSPW which owns a resort located at 1/79, Moo 2, Kaengsopha, Wangthong, Phitsanulok. The price, terms and conditions are more favorable for the company than the market rates and conditions.
15. Nakornsawan Ruamtoonpattana Co., LTD ("Nakornsawan Ruamtoonpattana") (In the transportation business)	<ul style="list-style-type: none"> Nakornsawan Ruamtoonpattana has 1 common director with the Company, namely Mr. Prasert Siriviriyakul. The Company's shareholders and related companies hold shares in Nakornsawan Ruamtoonpattana is Jaroen Hatai Ake Holding Co., Ltd 	<p>Sugar Transportation Cost TIS engaged Nakornsawan Ruamtoonpattana in the transportation of sugar to the warehouses.</p> <p>Accrued Transportation Expenses Sugar transportation expenses</p> <p>Other Revenue Compensation for damage of goods (sugar)</p> <p>Deposit – Transportation Cost Cost to guarantee the payment of compensation for damage during the transportation.</p>	4,528,722.91	6,875,055.69	<ul style="list-style-type: none"> TIS engaged Nakornsawan Ruamtoonpattana in the transportation of sugar to the warehouses. Prices, terms and conditions are in line with the market rates and practices.
			48,164.47	-	
			13,644.86	15,429.91	
			-	90,237.63	

Related Person/ Companies	Nature of Relationship	Nature of Transaction	Transaction Value (THB)		Rationale of the transaction
			31 December 2016	31 December 2017	
16. Poomlert Business Co.,Ltd("PB") leasing of agricultural machinery.	<ul style="list-style-type: none"> The Company's shareholders and related companies hold shares in PB is Ruampol Enterprise Co., Ltd 	Sugarcane trash baler machine Lease Expenses KTIS and TIS has rented sugarcane trash baler machine.	3,000,000.00	-	<ul style="list-style-type: none"> KTIS and TIS have rented sugarcane trash baler machine. For milling sugar cane leaves Using a fuel additive.
		Accrued expenses Accommodation fees for rented sugarcane trash baler machine.	-	-	<ul style="list-style-type: none"> Rental rates per set 1,000,000 baht per one production season, or 120 days, calculated from the loss incurred in the 1 year.
		Agricultural Machinery KTIS and TIS bought sugarcane trash baler machine from PB	22,037,383.17	-	<ul style="list-style-type: none"> KTIS and TIS bought sugarcane trash baler machine. For milling sugar cane leaves Using a fuel additive. Prices, terms and conditions are in line with the market rates and practices.
17. PoomPattana Business Co.,Ltd ("PP") Property Business	<ul style="list-style-type: none"> Related parties hold shares in PP is Jaroen Hatai Ake Holding Co.,Ltd 	Land Lease Expenses KTIS , TIS,EPC,EPPCO and KTBF leased land	6,041,928.04	6,055,873.19	<ul style="list-style-type: none"> KTBF has leased the land from PP for use as fertilizer plant and operate area.
		Accrued expenses Costs payable from KTBF leased land.	-	-	<ul style="list-style-type: none"> KTIS and TIS have leased the land from PP for use as fertilizer plant and operate area.
		PrepaidExpenses Prepayment of the land lease fees	-	27,216.18	<ul style="list-style-type: none"> EPPCO has leased the land from PP 35 area, approximately 459-0-87.3 rai to manage waste management and salads.
					<ul style="list-style-type: none"> EPC has leased the land from PP 35 area, approximately 965 rai to manage waste management and salads. 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
			31 December 2016	31 December 2017	
18. Agro Ethanol Co.,Ltd ("Agro Ethanol") Property Business	<ul style="list-style-type: none"> Agro Ethanol has 1 common director with the Company, namely Mr. Sirapak Siriviriyakul Related company shareholders in Agro Ethanol is Aekphol Sugar Co., Ltd. 	Land Lease Expenses KTIS and EPPCO leased land	293,760.00	293,760.00	<ul style="list-style-type: none"> KTIS has leased the land from Agro Ethanol for use as fertilizer plant and operate area.
		Accrued Expenses Costs payable from leased land.	-	-	<ul style="list-style-type: none"> EPPCO has leased the land from Agro Ethanol for use as operate area.
		Prepaid Expenses Prepayment of the land lease fees	-	-	<ul style="list-style-type: none"> Prices, terms and conditions are in line with the market rates and practices.
19. R&W Co.,Ltd ("R&W") Business Products.	<ul style="list-style-type: none"> Related person is a director in R&W is wife to director is Mr. Paraphan Siriviriyakul. 	Vehicle KTIS buy Cars and tractors.	150,000.00	-	<ul style="list-style-type: none"> KTIS has buy used cars and used tractors for use as operate area from R&W. Prices, terms and conditions are in line with the market rates and practices.
		Other Payable Other payable related to the purchase of car and a tractor by the company from R & W.	-	-	<ul style="list-style-type: none"> TIS buy used material for use as operate area. Prices, terms and conditions are in line with the market rates and practices.
		Material TIS buy material.	7,600.00	-	
20. EPC Power Co.,Ltd ("EPC Power") Property Business	<ul style="list-style-type: none"> EPC Power has 1 common director with the Company, namely Mr. Sirapak Siriviriyakul Related company shareholders in EPC Power is Aekphol Sugar Co., Ltd. 	Land Lease Expenses KTIS and EPC leased land	182,400.00	182,400.00	<ul style="list-style-type: none"> KTIS has leased the land from EPC Power for use as fertilizer plant.
		Accrued Expenses Costs payable from leased land.	-	-	<ul style="list-style-type: none"> EPC has leased the land from EPC Power for use as fertilizer plant.
		Prepaid Expenses Prepayment of the land lease fees	-	-	<ul style="list-style-type: none"> 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
			31 December 2016	31 December 2017	
21. Kaset Thai Sugar Co., Ltd ("KT") (Formerly operated sugar production and trading business but currently is not in business operation.)	<ul style="list-style-type: none"> Related companies hold shares in KT are Aekphol SugarCo., Ltd. and RuamkijAnghong Warehouse Co., Ltd. 	Land Lease Expenses Land Lease Expenses Accrued Expenses Costs payable from leased land.	1,920.00 -	1,920.00 -	<ul style="list-style-type: none"> KTIS has leased the land from KT for use as fertilizer plant and operate area. Prices, terms and conditions are in line with the market rates and practices.



Conclusions relating to the related party transactions

After having thoroughly considered all the connected transactions for the financial year ended December 31, 2017, 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. 1/2018 held on February 23, 2018, concluded that the connected transactions for the financial year ended December 31, 2017 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 our 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 with 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 shareholder 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 adherence 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 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.

Management Discussion and Analysis

Business performance summary in 2017

Total revenue consists of sales and services revenues and other income. The Company and its subsidiaries' total revenues in 2017 was Baht 18,193.0 million, increased Baht 3,096.8 million or 20.5% from Baht 15,096.2 million in 2016 due to higher revenue from sales and services and other income.

Sales and services revenues in 2017 was Baht 17,524.6 million, increased Baht 2,519.0 million or 16.8% from Baht 15,005.6 million in 2016 as the sugar cane volume and quality in 2017 was higher than last year so the sugar volume increased a lot and resulted more raw materials for its subsidiaries business. Details were as follows;

	Production year	2015/2016	2016/2017	
Thailand	Sugar cane volume	94.0	93.0	Million tons
	Sugar	97.8	100.3	Million bags (100 kg per bag)
	Molasses	4.3	3.9	Million tons
The Company	Sugar cane volume	7.5	8.7	Million tons
	Sugar	7.2	9.4	Million bags (100 kg per bag)
	Molasses	0.4	0.4	Million tons

Source: Office of the Cane and Sugar Board.

- In 2017, Revenues from sugar business increased 19.0% as the sale volumes and price of sugar were higher than last year.
- In 2017, Revenues from bagasse bleached pulp increased 40.7 % as the sale volumes increased while selling price decreased.
- In 2017, Revenues from ethanol business slightly increased 1.2% as the selling price increased while sale volume decreased.
- In 2017, Revenues from electricity decreased 16.6% as the electricity plants major shut down during Q3 and Q4.
- In 2017, Other Revenues increased 23.4% as income from agricultural equipment services, soil conditioning products, insecticides and others increased.

Other income, in 2017 Profits from Derivatives was Baht 328.0 million while in 2016 Loss from Derivatives was Baht 9.6 million.

Cost of sales and services in 2017 was Baht 14,271.0 million, increased Baht 2,102.2 million or 17.3 % from Baht 12,168.7 million in 2016. This was increased in proportion with the Sales and services revenues.

Selling and Administrative expenses in 2017 was Baht 2,942.0 million, increased Baht 70.3 million or 2.4 % from Baht 2,871.7 million in 2016 resulted from the increase in personnel expenses, sugar storage expenses, transportation expenses and Allowance for doubtful accounts and Bad debts.

In 2017, Gains on foreign exchanges was Baht 32.9 million, compared with 2016 Loss in foreign exchanges was Baht 117.6 million.

Financial cost in 2017 increased Baht 16.0 million or 5.0% from 2016.

The income tax benefits for the year 2017 decreased by Baht 122.6 million or 98.6% from the year 2016 due to the tax privilege granted by the Board of Investment (BOI) to Ethanol business and Bleached pulp business from bagasse expired in 2017.

From the above factors, in 2017 the Company Net Profit was Baht 645.5 million better than 2016 which Net Loss was Baht 512.5 million.

Income statements analysis

Income	2016 (million Baht)	2017 (million Baht)	Change (million Baht)	Change %
Revenue from the sales and services.	15,005.6	17,524.6	2,519.0	16.8%
Sugar business	11,353.0	13,504.6	2,151.6	19.0%
Revenue from sale of sugar	10,888.3	13,062.1	2,173.7	20.0%
Revenue from sale of molasses.	447.0	442.6	(5.1)	-1.1%
Compensation for sugar production and distribution	17.0	-	(17.0)	(100%)
Subsidiaries business	3,652.6	4,020.0	367.4	10.1%
Revenue from sale of bagasse bleached pulp	896.1	1,260.8	364.6	40.7%
Revenue from sales of Ethanol	1,634.4	1,654.2	19.7	1.2%
Revenue from sales of electricity	699.6	583.7	(115.9)	(16.6)%
other	422.5	521.4	98.9	23.4%
Other income	90.6	668.4	577.8	637.9%
Total income	15,096.2	18,193.0	3,096.8	20.5%

Source: company financial information

Total revenues

In 2017 the company total revenues was Baht 18,193.0 million, increased 20.5% from Baht 15,096.2 million in 2016. The details are as follows

Sugar business

Revenues from sugar business in year 2017 and 2016 were Baht 13,504.6 million and Baht 11,353.0 million respectively, increased 19.0 % resulted from the following key factors:

- In 2017, both domestic and export sugar sales volume increased 41,698.9 tons or 5.5% from 2016 due to higher cane volume and quality for sugar production in 2017 so the sugar volume increased more than last year.
- Sugar average domestic selling price in 2017 was the same as 2016 which was under Government Control.
- Sugar average export selling price in 2017 was Baht 15,355.9 per ton increased 22.9% from Baht 12,495.8 per ton in 2016
Although the sugar price in commodity market started to decline from Mid-2017, but the Company could hedge the selling price better than 2016.
- Molasses sale volume in 2017 was 93,909.9 tons decreased 13.4% from 108,493.4 tons in 2016.
- Molasses average selling price in 2017 was Baht 4,712.6 per tons, increased 14.2 % from Baht 4,216.2 per ton in 2016.

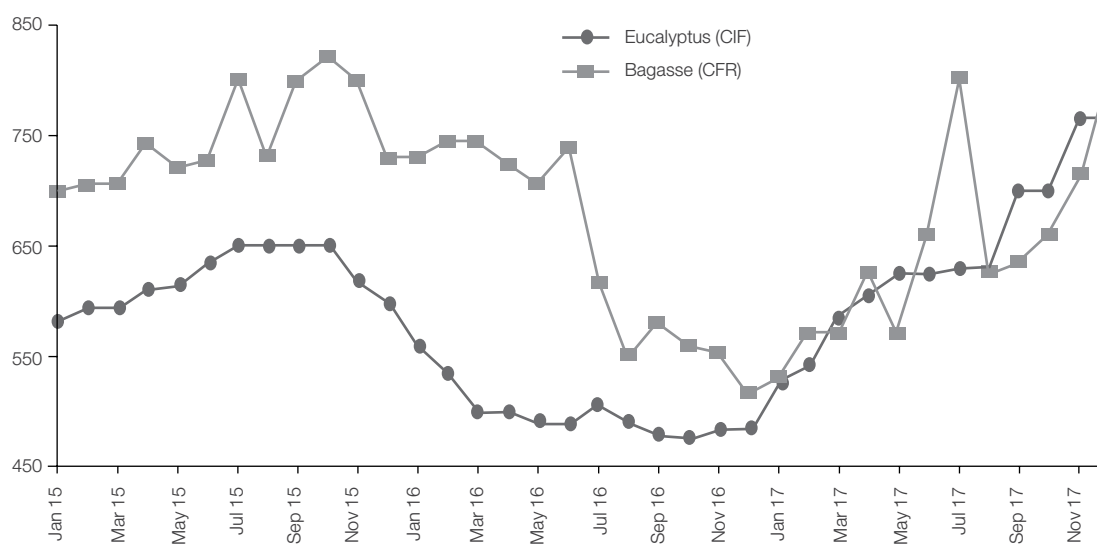
Subsidiaries business

Revenues from subsidiaries business in 2017 and 2016 were Baht 4,020.0 million respectively increased 10.1 % from Baht 3,562.6 million in 2016 as follows:

- (1) Revenue from the sale of bagasse bleached pulp for the year 2017 was Baht 1,260.8 million increased 40.7% from Baht 896.1 million in 2016 resulted from

- Sales volume of bagasse bleached pulp in 2017 and 2016 were 63,497.2 tons and 40,985.3 tons respectively, increased 54.9 %. The domestic sale and export sale volumes increased because the recovery of global economy caused the pulp users paid more attention to environment oriented and government sectors promoted campaign to use Bio packaging instead of Foam packaging.
- Average domestic selling prices for bagasse bleached pulp decreased to Baht 19,720.1 per ton in 2017 from Baht 20,820.6 per ton in 2016 and average export selling prices decreased to Baht 19,890.7 per ton in 2017 from Baht 22,229.7 per ton in 2016 as the price competition was higher and the appreciation of Baht against USD.

Table: Average bagasse bleached pulp price in 3 years

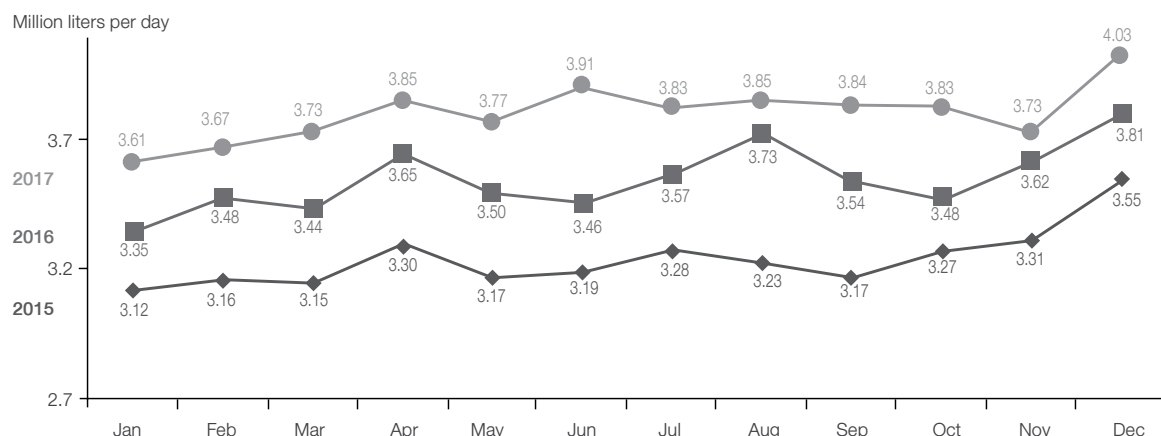


Source: RISI and Company

(2) Revenue from the sale of ethanol in 2017 and 2016 were Baht 1,654.2 million and Baht 1,634.4 million respectively, slightly increased 1.2 % resulted from

- Sales volume of ethanol in 2017 and 2016 were 65.6 million liters and 72.3 million liters respectively, decreased 9.3 % as the domestic consumption did not increase much but the ethanol production from cassava expanded.
- The average domestic selling price of ethanol in 2017 was Baht 25.22 per liter, increased 11.6 % from Baht 22.60 per liter in 2016 as the world oil prices rose up and the Company sold ethanol at good price.

Table: Average consumption in 3 years



Source: Ministry Of Energy

(3) Revenue from electricity sale in 2017 and 2016 was Baht 583.7 million and Baht 699.6 million respectively, decreased 16.6% due to major shut down for maintenance in Q3 and Q4 of Kaset Thai Bio Power Co, Ltd. (KTBP) and the average selling price was Baht 2.96 per unit decreased 3.8% from Baht 3.08 per unit in 2016.

(4) Revenues from other sales and services incomes in 2017 and 2016 were Baht 521.4 million and Baht 422.5 million respectively, increased 23.4% resulted from the increase in agricultural equipment services, fertilizers, bio conditioning products, and insecticides and other.

Other income

- in 2017 Gain from foreign exchanges was Baht 32.9 million.
- in 2017 Profit from Derivatives was Baht 328.0 million.
- In 2017 Other income was Baht 307.5 million derived from the cancellation of foreign contracts, Quota B license and others.

Cost of sales and services, and gross profit margin.

Cost of sales and services in 2017 was Baht 14,271.0 million, increased 17.3 % from Baht 12,168.7 million in 2016 which was in line with increase in Revenues from sales and services.

Table: The comparison of 2016 and 2017 Cost of sales and services, and gross profit margin.

Income	2016 (million Baht)	2017 (million Baht)	Change (million Baht)	Change percent
Revenues from sales and services.	15,005.6	17,524.6	2,519.0	16.8%
Sugar business	11,353.0	13,504.6	2,151.6	19.0%
Subsidiaries business	3,652.6	4,020.0	367.4	10.1%
Cost of sales and services	12,168.7	14,271.0	2,102.2	17.3%
Sugar business	9,406.3	11,320.3	1,914.0	20.3%
Subsidiaries business	2,762.4	2,950.6	188.2	6.8%

Income	2016 (million Baht)	2017 (million Baht)	Change (million Baht)	Change percent
Gross profit	2,836.9	3,253.7	416.8	14.7%
Sugar business	1,946.7	2,184.3	237.6	12.2%
Subsidiaries business	890.2	1,069.4	179.2	20.1%
Gross Profit margin	18.9%	18.6%		-0.3%
Sugar business	17.1%	16.2%		-1.0%
Subsidiaries business	24.4%	26.6%		2.2%

Source: Company financial information

Total Gross profit in 2017 was Baht 3,253.7 million increased 14.7% from Baht 2,836.9 million in 2016 resulted from

Gross profit from sugar business

- Sales volume of sugar in 2017 was 797,919.7 tons increased 5.5% from 756,220.8 tons in 2016.
- Average selling price of sugar in 2017 was Baht 16,370.2 per ton, increased 13.7% from Baht 14,398.4 per ton in 2016.

Gross profit from subsidiaries business

- Sales volume of bagasse bleached pulp in 2017 was 63,497.2 tons increased 54.9% from 40,985.3 tons in 2016 while average selling price of bleached pulp decreased 9.2% from Baht 21,865.1 per ton in 2016 to Baht 19,855.4 per ton in 2017.
- Average selling price of ethanol in 2017 was Baht 25.22 per liter, increased 11.6% from Baht 22.60 per liter in 2016 while the sale volume of ethanol decreased 9.3% from 72.3 million liters in 2016 to 65.6 million liters in 2017.

Selling and administrative expenses

Selling and administrative expenses in 2017 was Baht 2,941.9 million, increased 2.4% from Baht 2,871.7 million in 2016 resulted from expenses increased i.e. personnel expenses, sugar transportation expenses and allowance for doubtful accounts and bad debts etc.

The financial cost.

Finance costs in 2017 was Baht 332.9 million increased Baht 16.0 million or 5% from Baht 317.0 million in 2016.

Net profit and net profit margin

In 2017 Net Profit was Baht 645.5 million compared to 2016 which Net Loss was Baht 512.5 million. The net profit margin in 2017 and 2016 was 3.68 % and (3.42 %) respectively.

Analysis of the financial position(Consolidated)

Assets

As at 31 December 2017, Total assets was Baht 17,816.1 million, increased 11.0 % from Baht 16,052.3 million in 2016.

- Current assets was Baht 6,200.9 million, increased Baht 1,983.2 million or 47.0 % from Baht 4,217.7 million in 2016. The main reason was
 - Inventories was Baht 4,047.5 million increased from Baht 2,186.3 million in 2016 due to the product stocks increased Baht 2,188.5 million.
- Non-current assets was Baht 11,615.3 million, decreased Baht 219.4 million or 1.90% from Baht 11,834.6 million in 2016. The main reasons was

- Property, plant and equipment, net decreased Baht 337.2 million from depreciation expenses.(details in Notes to financial statements item 15)

Liabilities

As at 31 December 2017, total liabilities was Baht 9,704.0 million, increased 17.9 % from Baht 8,230.8 million in 2016.

- Current liabilities was Baht 5,583.9 million increased Baht 1,940.9 million or 53.3 % from Baht 3,642.9 million in 2016. The main reasons were
 - Short-term borrowings from financial institutions increased Baht 1,299.1 million.
 - Trade and other payables increased Baht 545.8 million.
 - Current portion of long term borrowings increased Baht 58.3 million.
- Non-current liabilities was Baht 4,120.1million, decreased Baht 467.8 million or 10.2% from Baht 4,587.9 million in 2016 due to repayment of long-term loans to financial institutions.

Shareholders' equity

As at 31 December 2017, Shareholders' equity was Baht 8,112.1 million, increased 3.7 % from Baht 7,821.5 million in 2016 resulted from net profit of operation performance in 2017.

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.

Cash flows from operating activities

In 2017, Net Profit was Baht 645.5 million, Depreciation and amortization was Baht 1,269.2 million and other adjustments. Cash flows before changes in operating Assets and Liabilities was Baht 2,798.9 million.

After Changes in operating Assets and Liabilities, Interest paid and Income Tax paid, the Net Cash flows generated from operating activities was Baht 514.6 million, cash flow in investing activities Baht 907.5 million and Net cash flow from financing activities Baht 383.1 million and So the Cash and Cash equivalents decreased Baht 9.8 million.

The beginning Cash and Cash equivalents was Baht 339.4 million and the Cash and Cash equivalents at the end of the year was Baht 329.7 million.

Financial liquidity

According to the consolidated financial statements as at 31 December 2017, Liquidity ratio was 1.11 times closed to previous year at 1.13 times. And Quick ratio was 0.17 times decreased from previous year at 0.28 times.

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 2017, 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, reduced high financial cost loans and repayment for short term debts. The Company switched the interest rate from floating rate to be fixed rate so that the interest rate risk was managed and financial cost could be controlled. In 2017 Net Long term loan after deducting current portion of long-term loans was Baht 2,246.9 million

Debt to equity ratio was 1.20 times increased from 1.05 times in 2016. 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 2017, the Company Net Investing activities was Baht 907.5 million as its normal working capital, mostly in operation machinery improvement to increase production efficiency. 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). All three projects were commercially operated.

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 which impact Thailand interest rate and its currency against USD.

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 2017 the country economy will be in good direction upon the awareness of external factors.

Thai Government have policy to cancel the sugar quota system and domestic sugar controlling price, so the sugar manufacturers can sell more domestic sugar and will lead to higher domestic market competition. The company realizes about this risk and has planned marketing strategies and additionally invested in machinery and equipment in order to produce good quality of products to serve the customers at best.

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 2017 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 2017. 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 notes 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, 2017 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

Independent Auditor's Report

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 2017, 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 2017, 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 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.

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 2017 amounting to Baht 4,039 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. As a result, estimating the 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 thus 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 inventory 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.
- Reviewing the appropriateness of the sales forecasts by product line that were prepared by the Group's management, in comparison with global sugar prices.

Revenue recognition from export sales of sugar

Revenue from export sales of sugar is the most significant amount in the statements of comprehensive income and it is a key performance indication which the financial statements' users focus. For the year ended 31 December 2017, the export sales of the Group is Baht 8,178 million (represented 47% of sales and services income). In addition, the Company has significant numbers of sugar futures contracts. There is therefore a risk of revenue from export sales of sugar being recognised at an inappropriate amount or earlier recognised revenue.

I have examined to ensure that the revenue from export sales of sugar is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The procedures that I performed included:

- Assessing the appropriateness and testing the effectiveness of the Group's internal controls with respect to the revenue from export sales of sugar cycle.
- Applying a sampling method to select sales agreements to verify the accuracy and appropriateness of revenue recognition, whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sale transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sale transactions.

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.

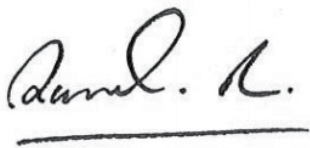


I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

I am responsible for the audit resulting in this independent auditor's report.



Sumalee Reewarabandith

Certified Public Accountant (Thailand) No. 3970

EY Office Limited

Bangkok: 23 February 2018

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2017

(Unit: Baht)

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	329,661,083	339,425,117	205,484,585	204,299,697
Trade and other receivables	7, 9	596,862,533	688,900,185	270,434,692	366,647,999
Planter receivables	10	563,820,462	555,986,307	375,775,067	363,000,143
Short-term loans to related parties	7	-	-	2,521,963,868	1,209,716,872
Inventories	11	4,047,464,851	1,861,171,770	2,551,243,529	1,062,811,653
Biological assets	12	27,486,939	29,646,813	10,057,169	18,762,110
Factory overhaul costs		602,888,321	645,675,665	436,189,098	481,756,137
Other current assets		32,685,295	96,872,199	16,146,724	54,051,350
Total current assets		6,200,869,484	4,217,678,056	6,387,294,732	3,761,045,961
Non-current assets					
Investments in subsidiaries	13	-	-	9,402,623,246	9,379,151,512
Other long-term investments		394,300	394,300	130,085	130,085
Investment properties	14	321,049,658	328,710,645	12,378,480	12,378,480
Property, plant and equipment	15	10,513,940,359	10,851,094,186	3,984,458,500	3,944,134,715
Intangible assets	16	284,193,083	296,791,282	550,369	1,101,713
Deferred tax assets	27	297,789,912	187,907,316	241,396,463	175,092,770
Other non-current assets	7	197,888,434	169,740,599	155,709,432	108,761,090
Total non-current assets		11,615,255,746	11,834,638,328	13,797,246,575	13,620,750,365
Total assets		17,816,125,230	16,052,316,384	20,184,541,307	17,381,796,326

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	2,365,602,093	1,066,535,825	1,764,602,925	249,421,544
Trade and other payables	7, 18	2,440,389,278	1,894,594,945	1,773,938,810	1,223,086,031
Short-term loans from related parties	7	-	-	1,439,925,619	629,420,758
Current portion of liabilities under finance lease agreements	19	7,819,166	7,044,294	7,819,166	7,044,294
Current portion of long-term loans from financial institutions	20	498,354,396	503,601,554	498,354,396	500,714,879
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	21	121,603,333	63,293,277	59,220,454	11,039,082
Income tax payable		61,808,250	35,544,435	-	-
Other current liabilities	7	83,432,256	67,450,670	37,868,428	36,954,572
Total current liabilities		5,583,858,772	3,642,915,000	5,581,729,798	2,657,681,160
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	19	791,097,504	798,916,670	791,097,504	798,916,670
Long-term loans from financial institutions - net of current portion	20	2,246,914,488	2,745,268,884	2,246,914,488	2,745,268,884
Long-term loans from related party - net of current portion	7	72,750,000	77,600,000	-	-
Long-term loans from the Office of the Cane and Sugar Fund					
- net of current portion	21	108,195,897	82,713,678	53,251,133	8,127,384
Provision for long-term employee benefits	22	333,162,288	295,090,187	205,184,766	180,525,543
Provision for decommissioning costs		29,357,457	19,981,478	-	-
Other non-current liabilities	7	538,641,531	568,319,491	-	-
Total non-current liabilities		4,120,119,165	4,587,890,388	3,296,447,891	3,732,838,481
Total liabilities		9,703,977,937	8,230,805,388	8,878,177,689	6,390,519,641

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
3,888,000,010 ordinary shares of Baht 1 each		3,888,000,010	3,888,000,010	3,888,000,010	3,888,000,010
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 deficit from business combination under common control		(3,577,165,024)	(3,577,165,024)	(573,217,706)	(573,217,706)
Capital surplus on share-based payment	24	137,174,074	92,685,185	137,174,074	92,685,185
Retained earnings					
Appropriated - statutory reserve		289,748,979	256,442,734	289,748,979	256,442,734
Unappropriated		2,199,507,958	1,986,666,795	2,389,776,965	2,152,485,166
Total shareholders' equity		8,112,147,293	7,821,510,996	11,306,363,618	10,991,276,685
Total liabilities and shareholders' equity		17,816,125,230	16,052,316,384	20,184,541,307	17,381,796,326

The accompanying notes are an integral part of the financial statements.



Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Sales and services income	31	17,524,638,155	15,005,627,283	11,961,278,424	10,155,106,572
Other income					
Dividend income	13	-	-	399,412,797	1,016,164,650
Gain on exchange		32,918,867	-	16,811,318	-
Gain on sugar futures contracts		327,976,761	-	327,976,761	-
Others		307,495,000	90,575,483	323,167,503	145,506,894
Total revenues		18,193,028,783	15,096,202,766	13,028,646,803	11,316,778,116
Expenses					
Cost of sales and services		14,270,951,629	12,168,708,810	10,108,617,530	8,611,970,886
Selling expenses		1,493,760,537	1,583,390,086	1,042,746,184	1,195,409,496
Administrative expenses		1,448,208,445	1,288,278,041	960,508,885	843,871,752
Loss on exchange		-	117,552,686	-	89,293,121
Loss on sugar future contracts		-	9,614,011	-	9,614,011
Total expenses		17,212,920,611	15,167,543,634	12,111,872,599	10,750,159,266
Profit (loss) before finance cost and income tax benefits (expenses)					
		980,108,172	(71,340,868)	916,774,204	566,618,850
Finance cost		(332,934,232)	(316,963,459)	(314,571,280)	(306,104,277)
Profit (loss) before income tax benefits (expenses)		647,173,940	(388,304,327)	602,202,924	260,514,573
Income tax benefits (expenses)	27	(1,679,808)	(124,230,213)	63,921,979	(35,520,710)
Profit (loss) for the year		645,494,132	(512,534,540)	666,124,903	224,993,863
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss - net of income tax		(13,346,723)	(16,901,070)	(9,526,858)	(14,246,083)
Other comprehensive income for the year		(13,346,723)	(16,901,070)	(9,526,858)	(14,246,083)
Total comprehensive income for the year		632,147,409	(529,435,610)	656,598,045	210,747,780
Earnings per share					
29					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.17	(0.13)	0.17	0.06
Diluted earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.17	(0.13)	0.17	0.06

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before tax	647,173,940	(388,304,327)	602,202,924	260,514,573
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,269,217,316	1,142,267,870	596,511,025	542,942,631
Gain on realised discount from transferring right of planter receivables	(5,709,355)	(14,147,604)	(6,520,342)	(13,595,253)
Allowance for doubtful accounts	58,937,686	20,043,114	51,855,061	30,006,310
Reduction cost of inventory to net realisable value (reversal)	461,427,874	(176,179,431)	281,080,107	(157,093,365)
Loss (gain) arising from change in fair value of biological assets	(3,512,400)	(4,227,449)	3,597,475	(1,605,689)
Unrealised loss (gain) on exchange	(5,971,910)	1,265,904	(128,475)	382,600
Loss on impairment of investments in subsidiaries	-	-	10,000,000	-
Loss on impairment of investment properties (reversal)	7,797,761	(1,278,610)	-	4,120,353
Loss on impairment of property plant and equipment	9,280,160	31,565,867	-	-
Loss on sales of investment properties	-	203,687	-	-
Gain on sales of plant and equipment	(11,009,428)	(15,389,901)	(8,056,112)	(4,375,602)
Loss on write-off of equipment	5,198	240,603	384	-
Long-term employee benefits expenses	29,496,074	21,030,601	16,846,566	11,886,625
Share-based payment	44,488,889	44,488,889	23,267,155	23,267,155
Dividend income	-	-	(399,412,797)	(1,016,164,650)
Interest income	(35,654,241)	(21,365,461)	(98,892,117)	(66,520,565)
Interest expense	332,934,232	316,963,459	314,571,280	306,104,277
Profit (loss) from operating activities before changes in operating assets and liabilities	2,798,901,796	957,177,211	1,386,922,134	(80,130,600)
Operating assets (increase) decrease				
Trade and other receivables	91,972,317	486,596,627	99,500,346	331,025,054
Planter receivables	(88,568,873)	(131,764,242)	(85,319,283)	(128,086,201)
Inventories	(2,647,720,955)	1,229,639,128	(1,769,511,982)	866,606,194
Biological assets	5,672,274	(8,888,804)	5,107,466	(625,862)
Other current assets	107,890,124	(48,323,990)	86,027,466	(53,242,588)
Amounts due from the Office of the Cane and Sugar Fund	-	798,054,570	-	666,154,679
Other non-current assets	(28,147,835)	35,009,807	(46,948,342)	1,614,152
Operating liabilities increase (decrease)				
Trade and other payables	612,511,545	(344,896,944)	526,165,292	(364,673,917)
Other current liabilities	15,951,598	(53,856,666)	883,868	(30,441,649)
Cash paid for long-term employee benefits	(8,107,377)	(8,006,162)	(4,095,916)	(3,348,461)
Cash flows from operating activities	860,354,614	2,910,740,535	198,731,049	1,204,850,801
Cash paid for interest expenses	(262,905,247)	(217,429,397)	(217,128,434)	(179,308,299)
Cash paid for income tax	(82,877,784)	(31,892,975)	(2,555,801)	(1,952,250)
Net cash flows from (used in) operating activities	514,571,583	2,661,418,163	(20,953,186)	1,023,590,252

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase (decrease) in short-term loans to related parties	-	-	(1,312,246,996)	222,291,887
Acquisition of property, plant and equipment	(847,348,271)	(506,254,131)	(573,371,686)	(303,551,984)
Capitalised interest of plant and equipment	(3,455,725)	(24,571,693)	-	-
Proceed from sales of plant and equipment	45,683,918	16,991,365	11,595,530	4,399,196
Cash paid for payable from purchases of property, plant and equipment	(131,408,210)	(98,543,385)	(15,761,398)	(66,689,382)
Acquisition of intangible assets	(6,611,400)	(5,889,748)	(93,750)	(734,558)
Acquisition of investment properties	-	(3,261,900)	-	-
Proceed from sales of investment properties	-	102,200	-	-
Dividend received	-	-	399,412,797	1,016,164,650
Interest income	35,657,972	21,368,718	95,605,078	68,309,629
Net cash flows from (used in) investing activities	(907,481,716)	(600,058,574)	(1,394,860,425)	940,189,438
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	1,294,557,905	(891,567,357)	1,510,673,018	(693,837,055)
Increase (decrease) in short-term loans from related parties	-	-	810,504,861	(69,759,691)
Cash paid for increase share capital of subsidiaries	-	-	(12,250,000)	(133,000,000)
Decrease in long-term loans from financial institutions	(505,516,675)	(634,065,448)	(502,630,000)	(502,570,000)
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	80,624,882	(56,556,377)	92,370,633	(11,137,088)
Payment of liabilities under finance lease agreements	(95,700,000)	(95,700,000)	(95,700,000)	(95,700,000)
Dividend paid	(385,970,013)	(385,922,209)	(385,970,013)	(385,922,209)
Net cash flows from (used in) financing activities	383,146,099	(2,068,661,391)	1,416,998,499	(1,891,926,043)
Net increase (decrease) in cash and cash equivalents	(9,764,034)	(7,301,802)	1,184,888	71,853,647
Cash and cash equivalents at beginning of year	339,425,117	346,726,919	204,299,697	132,446,050
Cash and cash equivalents at end of year	329,661,083	339,425,117	205,484,585	204,299,697
	-	-	-	-
Supplemental cash flows information:				
Non-cash items consist of				
Acquisition of property, plant and equipment for which no cash had been paid	70,243,131	131,408,210	39,148,193	15,761,398
Recognition share-based payment in investments in subsidiaries	-	-	21,221,733	21,221,733
Increase in investment properties due to collection from planters receivable	293,747	1,454,636	-	-
Increase in land due to collection from planter receivables	27,209,641	-	27,209,641	-
Provision for decommissioning costs	8,400,000	8,850,000	-	-
Dividend payable	105,280	75,292	105,280	75,292

The accompanying notes are an integral part of the financial statements.



Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements						Total shareholders equity
	Issued and fully paid-up share capital	Share premium	Capital deficit from business combination under common control	Capital surplus on share-based payment	Retained earnings	Unappropriated	
					Appropriated - statutory reserve		
Balance as at 1 January 2016	3,860,000,010	5,202,881,296	(3,577,165,024)	48,196,296	245,193,041	2,913,349,599	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 24)	-	-	-	44,488,889	-	-	44,488,889
Dividend paid (Note 30)	-	-	-	-	-	(385,997,501)	(385,997,501)
Statutory reserve (Note 25)	-	-	-	-	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>(3,577,165,024)</u>	<u>92,685,185</u>	<u>256,442,734</u>	<u>1,986,666,795</u>	<u>7,821,510,996</u>
Balance as at 1 January 2017	3,860,000,010	5,202,881,296	(3,577,165,024)	92,685,185	256,442,734	1,986,666,795	7,821,510,996
Profit for the year	-	-	-	-	-	645,494,132	645,494,132
Other comprehensive income for the year	-	-	-	-	-	(13,346,723)	(13,346,723)
Total comprehensive income for the year	-	-	-	-	-	632,147,409	632,147,409
Share-based payment (Note 24)	-	-	-	44,488,889	-	-	44,488,889
Dividend paid (Note 30)	-	-	-	-	-	(386,000,001)	(386,000,001)
Statutory reserve (Note 25)	-	-	-	-	33,306,245	(33,306,245)	-
Balance as at 31 December 2017	<u>3,860,000,010</u>	<u>5,202,881,296</u>	<u>(3,577,165,024)</u>	<u>137,174,074</u>	<u>289,748,979</u>	<u>2,199,507,958</u>	<u>8,112,147,293</u>

The accompanying notes are an integral part of the financial statements.

Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

	Consolidated financial statements							(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Capital deficit from business combination under common control	Capital surplus on share-based payment	Retained earnings		Total shareholders equity	
					Appropriated -statutory reserve	Unappropriated		
Balance as at 1 January 2016	3,860,000,010	5,202,881,296	(573,217,706)	48,196,296	245,193,041	2,338,984,580	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 24)	-	-	-	44,488,889	-	-	44,488,889	
Dividend paid (Note 30)	-	-	-	-	-	(385,997,501)	(385,997,501)	
Statutory reserve (Note 25)	-	-	-	-	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>(573,217,706)</u>	<u>92,685,185</u>	<u>256,442,734</u>	<u>2,152,485,166</u>	<u>10,991,276,685</u>	
Balance as at 1 January 2017	3,860,000,010	5,202,881,296	(573,217,706)	92,685,185	256,442,734	2,152,485,166	10,991,276,685	
Profit for the year	-	-	-	-	-	666,124,903	666,124,903	
Other comprehensive income for the year	-	-	-	-	-	(9,526,858)	(9,526,858)	
Total comprehensive income for the year	-	-	-	-	-	656,598,045	656,598,045	
Share-based payment (Note 24)	-	-	-	44,488,889	-	-	44,488,889	
Dividend paid (Note 30)	-	-	-	-	-	(386,000,001)	(386,000,001)	
Statutory reserve (Note 25)	-	-	-	-	33,306,245	(33,306,245)	-	
Balance as at 31 December 2017	<u>3,860,000,010</u>	<u>5,202,881,296</u>	<u>(573,217,706)</u>	<u>137,174,074</u>	<u>289,748,979</u>	<u>2,389,776,965</u>	<u>11,306,363,618</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

For the year ended 31 December 2017

1. General information

Kaset Thai International Sugar Corporation Public Company Limited 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 11 October 2016, 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	
			2017	2016	2017 Percent	2016 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
KTIS Bio Ethanol Co., Ltd.	Thailand	Manufacture and distribution of ethanol	256 Million Baht	256 Million Baht	100	100
(Formerly known as "Ekarat Pattana Co., Ltd.")						
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	395 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	20 Million Baht	100	100
Kaset Thai Wiwat Co., Ltd.	Thailand	Management of assets	61 Million Baht	61 Million Baht	100	100
KTIS Research and Development Co., Ltd.	Thailand	Research and development	10 Million Baht	10 Million Baht	100	100
Lopburi Bioethanol Co., Ltd.	Thailand	Manufacture and distribution of ethanol and electricity	12.50 Million Baht	0.25 Million Baht	98	-
<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 and electricity	12.50 Million Baht	0.25 Million Baht	2	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
KTIS Bio Fertiliser Co., Ltd. (Formerly known as "Kaset Thai Bio Fertilizer Co., Ltd.") (held by KTIS Bio Ethanol Co., Ltd.)	Thailand	Manufacture and distribution of organic fertiliser	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.
- f) On 15 May 2017, the Extraordinary General Meeting of Shareholders of Kaset Thai Bio Fertilizer Co., Ltd. (subsidiary held by a subsidiary) passes a resolution to approve the change its name to “KTIS Bio Fertiliser Co., Ltd.” and registered the amendment of the company’s name with the Ministry of Commerce on 23 May 2017.
- g) On 23 June 2017, the Extraordinary General Meeting of Shareholders of Ekarat Pattana Co., Ltd. (subsidiary of the Company) passes a resolution to approve the change of its name to “KTIS Bio Ethanol Co., Ltd.” and registered the amendment of the company’s name with the Ministry of Commerce on 27 June 2017.

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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.



(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Group believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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 is 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 cane is determined based on reference to fair value less estimated point-of-harvest costs. Gains or losses arising from change 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 Group 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 Group 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 and other long-term employee 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 and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely death benefit plan.

The obligation under the defined benefit plans and other long-term employee 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 defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefit are recognised immediately in profit and loss.

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 Company 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 will issue 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 recognises 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 reviews and reduces 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 records 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 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 applies 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 measures fair value using valuation techniques 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 determines 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:

Allowance for doubtful planter receivables

In determining an allowance for doubtful 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 inventories cost to net realisable value

In determining a reduction of inventories cost to net realisable value, the management makes judgement and estimates net realisable value of inventories 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 ageing 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
	2017	2016	2017	2016	
<u>Transaction with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and services	-	-	1,011	1,036	Contract price
Dividend income	-	-	399	1,016	As declared
Interest income	-	-	74	53	3.00% to 4.75% per annum
Other income	-	-	28	16	Mutual agreement
Purchases of goods and services	-	-	292	721	Contract price
Purchases of fixed assets	-	-	56	-	Contract price
Administrative expenses	-	-	6	2	Mutual agreement
Interest expenses	-	-	12	7	1.15% to 1.75% per annum
<u>Transactions with related companies</u>					
Purchases of goods and services	267	189	156	102	Mutual agreement
Purchases of fixed assets	-	22	-	7	Contract price
Selling expenses	247	206	171	133	Mutual agreement
Administrative expenses	47	47	19	19	Mutual agreement
Interest expenses	89	89	88	89	0.42% and 11.00% per annum

As at 31 December 2017 and 2016, the Group had outstanding balance of assets and liabilities with the related parties as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables - related parties</u>				
Subsidiaries	-	-	113,306	54,184
Related companies (common shareholder/director)	3,620	34,065	3,470	33,902
Total trade and other receivables - related parties	3,620	34,065	116,776	88,086
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	2,521,964	1,209,717
Total short-term loans to related parties	-	-	2,521,964	1,209,717
<u>Other non-current assets - related parties</u>				
Related companies (common shareholder/director)	104,432	104,432	103,027	103,027
Total other non-current assets - related parties	104,432	104,432	103,027	103,027
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	95,630	9,471
Related companies (common shareholder/director)	108,406	87,540	62,663	48,212
Total trade and other payables - related parties	108,406	87,540	158,293	57,683
<u>Short-term loans from related parties</u>				
Subsidiaries	-	-	1,439,926	629,421
Total short-term loans from related parties	-	-	1,439,926	629,421
<u>Other current liabilities - related party</u>				
Related company (common shareholder/director)	885	198	628	198
Total other current liabilities - related party	885	198	628	198
<u>Long-term loans from related party</u>				
Related company (common shareholder/director)	77,600	82,450	-	-
Total long-term loans from related party	77,600	82,450	-	-
<u>Other non-current liabilities - related party</u>				
Related company (common shareholder/director)	538,642	568,319	-	-
Total other non-current liabilities - related party	538,642	568,319	-	-

Short-term loans to related parties

During the year ended 31 December 2017, movements of the short-term loans to related parties are summarised below.

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2017	1,209,717
Increase during the year	4,820,875
Collection during the year	(3,508,628)
Balance as at 31 December 2017	2,521,964

The balances of short-term loans to related parties as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2017	2016
Subsidiary companies		
Thai Identity Sugar Factory Co., Ltd.	1,363,101	300,040
Thaiekaluck Power Co., Ltd.	682,940	604,782
Ruamphol Bio Power Co., Ltd.	467,223	298,395
Sapsirikaset Co., Ltd.	6,500	6,500
KTIS Research and Development Co., Ltd.	2,200	-
Total short-term loans to related parties	2,521,964	1,209,717

As at 31 December 2017 and 2016, 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 2017, movements of the short-term loans from related parties are summarised below.

(Unit: Thousand Baht)

	Separate financial statements
Balance as at 1 January 2017	629,421
Increase during the year	2,170,069
Repayment during the year	(1,359,564)
Balance as at 31 December 2017	1,439,926

The balances of short-term loans from related parties as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2017	2016
Subsidiary companies		
Environment Pulp & Paper Co., Ltd.	815,236	270,176
KTIS Bio Ethanol Co., Ltd.	264,000	115,000
(Formerly known as “Ekarat Pattana Co., Ltd.”)		
Kaset Thai Bio Power Co., Ltd.	334,310	218,645
Permsin Pattana Co., Ltd.	4,050	-
KTIS Bio Energy Co., Ltd.	11,680	13,600
KTIS Research and Development Co., Ltd.	-	2,000
KTIS Biogass Power Co., Ltd.	650	-
Kaset Thai Wiwat Co., Ltd.	10,000	10,000
Total short-term loans from related parties	<u>1,439,926</u>	<u>629,421</u>

As at 31 December 2017 and 2016, 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 2017 and 2016, long-term loans from related party are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Long-term loans	77,600	82,450
Less: Portion due within one year	<u>(4,850)</u>	<u>(4,850)</u>
Long-term loans from related party - net of current portion	<u>72,750</u>	<u>77,600</u>

During the year ended 31 December 2017, movements of the long-term loans from related party are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2017	82,450
Repayment during the year	<u>(4,850)</u>
Balance as at 31 December 2017	<u>77,600</u>

The balances of long-term loans from related party as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Related company		
Siricharoen Export Co., Ltd.	77,600	82,450
Total long-term loans from related party	77,600	82,450

As at 31 December 2017 and 2016, 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 2017 and 2016, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	46,561	40,142	43,801	37,382
Post-employment benefits	612	576	612	576
Share-based payment	911	911	911	911
Total	48,084	41,629	45,324	38,869

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,611	3,191	2,626	1,029
Cheque on hand	42,894	22,097	42,167	28
Bank deposits	282,156	314,137	160,692	203,243
Total	329,661	339,425	205,485	204,300

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.37% and 0.38% per annum (2016: between 0.37% and 0.38% per annum).

9. Trade and other receivables

The balances of trade and other receivables as at 31 December 2017 and 2016, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	3	-	94,539	36,616
Past due				
Up to 3 months	-	1	-	12,502
Total trade receivables - related parties	3	1	94,539	49,118
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	275,234	332,967	51,923	123,443
Past due				
Up to 3 months	73,134	114,587	38,783	85,698
Over 12 months	104	2,076	-	1,969
Total	348,472	449,630	90,706	211,110
Less: Allowance for doubtful debts	(104)	(107)	-	-
Total trade receivables - unrelated parties, net	348,368	449,523	90,706	211,110
Total trade receivables - net	348,371	449,524	185,245	260,228
Other receivables				
Advances	58,793	53,290	38,919	36,389
Interest receivables - related parties	-	-	6,127	2,839
Interest receivables - unrelated parties	7	11	-	-
Prepaid expenses - related parties	3,444	3,413	3,312	3,313
Prepaid expenses - unrelated parties	15,016	25,055	6,233	16,492
Accrued income - unrelated parties	83,168	51,947	17,645	14,444
Other receivables - related parties	173	30,651	12,798	32,816
Other receivables - unrelated parties	87,891	75,009	156	127
Total other receivables	248,492	239,376	85,190	106,420
Total trade and other receivables - net	596,863	688,900	270,435	366,648

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 2017 and 2016, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Not yet due	370,973	229,574	258,497	132,268
Past due				
Up to 1 year	57,888	199,560	53,728	164,253
1 - 5 years	114,928	48,805	103,254	47,619
Over 5 years	679,900	684,684	387,141	400,370
	<u>852,716</u>	<u>933,049</u>	<u>544,123</u>	<u>612,242</u>
Total	1,223,689	1,162,623	802,620	744,510
Less: Discounts from transfer right				
of planter receivables	(292,376)	(298,085)	(221,581)	(228,101)
Allowance for doubtful debts	<u>(367,493)</u>	<u>(308,552)</u>	<u>(205,264)</u>	<u>(153,409)</u>
Planter receivables, net	<u>563,820</u>	<u>555,986</u>	<u>375,775</u>	<u>363,000</u>

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Raw material	39,085	23,654	-	-	39,085	23,654
Finished goods	4,136,639	1,479,595	(471,910)	(3,367)	3,664,729	1,476,228
Merchandise inventories	47,903	37,297	-	-	47,903	37,297
Spare parts, factory						
supplies and supplies	307,405	336,844	(33,508)	(40,623)	273,897	296,221
Work in process	21,851	27,772	-	-	21,851	27,772
Total	<u>4,552,883</u>	<u>1,905,162</u>	<u>(505,418)</u>	<u>(43,990)</u>	<u>4,047,465</u>	<u>1,861,172</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	2,687,476	909,430	(294,183)	(459)	2,393,293	908,971
Merchandise inventories	44,877	34,904	-	-	44,877	34,904
Spare parts, factory						
supplies and supplies	125,593	139,797	(12,519)	(25,163)	113,074	114,634
Work in process	-	4,303	-	-	-	4,303
Total	<u>2,857,946</u>	<u>1,088,434</u>	<u>(306,702)</u>	<u>(25,622)</u>	<u>2,551,244</u>	<u>1,062,812</u>

During the current year, the Group reduced cost of inventories by Baht 461 million (The Company only: Baht 281 million), to reflect the net realisable value. This was included in cost of sales.

For the year 2016, the Group reversed the reduced cost of inventories by Baht 176 million (The Company only: Baht 157 million), and reduced the amount of inventories recognised as expenses during the year.

12. Biological assets

Movements of the biological assets account for the year ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance at beginning of year	29,647	16,531	18,762	16,531
Gain (loss) arising from changes in fair value	8,177	4,226	(669)	1,605
Increases due to cultivate	35,439	31,533	22,573	18,857
Decreases due to harvest	(45,776)	(22,643)	(30,609)	(18,231)
Balance at end of year	<u>27,487</u>	<u>29,647</u>	<u>10,057</u>	<u>18,762</u>

13. Investments in subsidiaries

13.1 Investments in subsidiaries are investments in ordinary shares of the following subsidiary companies.

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Cost		Provision for impairment		Carrying amounts based on cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
Thai Identity Sugar Factory Co., Ltd.	1,252,584	1,240,395	-	-	1,252,584	1,240,395	-	-
Permsin Pattana Co., Ltd.	1,010,905	1,010,905	-	-	1,010,905	1,010,905	18,069	62,005
Kaset Thai Bio Power Co., Ltd.	2,460,125	2,459,506	-	-	2,460,125	2,459,506	100,800	201,600
Environment Pulp & Paper Co., Ltd.	2,660,473	2,654,544	-	-	2,660,473	2,654,544	60,384	150,960
KTIS Bio Ethanol Co., Ltd. (Formerly known as "Ekarat Pattana Co., Ltd.")	867,706	865,420	-	-	867,706	865,420	220,160	601,600
Sapsirikaset Co., Ltd.	311,000	311,000	-	-	311,000	311,000	-	-
Thaiekaluck Power Co., Ltd.	350,044	350,020	-	-	350,044	350,020	-	-
Ruamphol Bio Power Co., Ltd.	395,537	395,363	-	-	395,537	395,363	-	-
KTIS Biogas Power Co., Ltd.	1,000	1,000	-	-	1,000	1,000	-	-
KTIS Bio Energy Co., Ltd.	20,000	20,000	(10,000)	-	10,000	20,000	-	-
Kaset Thai Wiwat Co., Ltd.	61,000	61,000	-	-	61,000	61,000	-	-
KTIS Research and Development Co., Ltd.	9,999	9,999	-	-	9,999	9,999	-	-
Lopburi Bioethanol Co., Ltd.	12,250	-	-	-	12,250	-	-	-
Total	<u>9,412,623</u>	<u>9,379,152</u>	<u>(10,000)</u>	<u>-</u>	<u>9,402,623</u>	<u>9,379,152</u>	<u>399,413</u>	<u>1,016,165</u>

13.2 Changes in investments in subsidiaries during the year 2016

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.

13.3 Change in investment in subsidiary during the year 2017

On 16 October 2017, Lopburi Bioethanol Co., Ltd., a subsidiary that was originally held by Permsin Pattana Co., Ltd. (subsidiary of the Company), registered an increase in its share capital from Baht 1 million (10,000 ordinary shares at a par value of Baht 100 each) to Baht 50 million (500,000 ordinary shares at a par value of Baht 100 each), of which 25 percent was called up. The Company acquired all of the additional shares, for which it made payment of approximately Baht 12 million. As a result, the Company holds 98 percent of the registered share capital of that company and when combined with the subsidiary's interest, the Company's direct and indirect shareholding in that company is 100 percent.

13.4 During the years ended 31 December 2017 and 2016 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.

13.5 During the year ended 31 December 2017 the Company estimated the realisable value of its investment in KTIS Bio Energy Co., Ltd. based on a value-in-use calculation using cash flow projections discounted to its present values. It was concluded that the recoverable amount is lower than the carrying amount, and the Company therefore recognised allowance for impairment loss on such investment of Baht 10 million in profit or loss in the separate financial statements for the current year.

14. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements
	Land awaiting sales	Office building for rent	Total	Land awaiting sales
Cost	343,623	1,570	345,193	24,910
Less: Accumulated depreciation	-	(757)	(757)	-
Less: Allowance for impairment loss	(23,386)	-	(23,386)	(12,532)
Net book value	320,237	813	321,050	12,378
As at 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

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	328,711	323,178	12,378	16,499
Acquisition	294	4,716	-	-
Disposal	-	(306)	-	-
Depreciation charged	(157)	(156)	-	-
Reversal of impairment (Increase)	(7,798)	1,279	-	(4,121)
Net book value at end of year	<u>321,050</u>	<u>328,711</u>	<u>12,378</u>	<u>12,378</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land awaiting sales	389,720	374,615	15,953	15,953
Office building for rent	3,196	3,287	-	-

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.

15. 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
As at 1 January 2016	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
As at 31 December 2016	376,185	2,373,617	12,029,587	466,561	159,722	1,031,118	1,691,745	18,128,535
Additions	27,210	28,176	181,467	41,568	15,565	240,224	410,591	944,801
Disposals/ write-off	-	(477)	(7,847)	(5,010)	(477)	(102,113)	-	(115,924)
Transfer in (out)	24,040	268,494	788,380	4,073	-	1,340	(1,086,327)	-
Provision for decommissioning costs	-	3,000	5,400	-	-	-	-	8,400
Capitalised interest	-	-	-	-	-	-	3,456	3,456
As at 31 December 2017	427,435	2,672,810	12,996,987	507,192	174,810	1,170,569	1,019,465	18,969,268

(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								
As at 1 January 2016	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)	-
As at 31 December 2016	146,565	1,012,538	3,831,201	258,171	59,547	430,546	109,047	5,847,615
Additions	27,210	23,618	180,467	24,921	5,092	148,112	230,310	639,730
Disposals/ write-off	-	-	-	(3,984)	(25)	(2,150)	-	(6,159)
Transfer in (out)	16,766	4,980	21,729	1,581	-	1,340	(46,396)	-
As at 31 December 2017	190,541	1,041,136	4,033,397	280,689	64,614	577,848	292,961	6,481,186
Accumulated depreciation								
As at 1 January 2016	6,990	130,382	918,339	136,196	30,909	141,106	-	1,363,922
Depreciation for the year	3,419	56,904	395,672	32,536	9,482	43,998	-	542,011
Depreciation on disposals/ write-off	-	-	-	(2,101)	(11)	(340)	-	(2,452)
As at 31 December 2016	10,409	187,286	1,314,011	166,631	40,380	184,764	-	1,903,481
Depreciation for the year	4,737	75,014	427,972	31,769	8,581	47,792	-	595,865
Depreciation on disposals/ write-off	-	-	-	(1,886)	(24)	(709)	-	(2,619)
As at 31 December 2017	15,146	262,300	1,741,983	196,514	48,937	231,847	-	2,496,727
Net book value								
As at 31 December 2016	136,156	825,252	2,517,190	91,540	19,167	245,782	109,047	3,944,134
As at 31 December 2017	175,395	778,836	2,291,414	84,175	15,677	346,001	292,961	3,984,459
Depreciation for the year								
2016 (Baht 450 million included in manufacturing cost, and the balance in selling and administrative expenses)								542,011
2017 (Baht 511 million included in manufacturing cost, and the balance in selling and administrative expenses)								595,865

Borrowing costs amounting to Baht 3 million were capitalised during the year ended 31 December 2017 (2016: Baht 25 million). The weighted average rates of 3.00% - 4.75% have been used to determine the amount of borrowing costs eligible for capitalisation (2016: 3.00% - 4.75%).

As at 31 December 2017, the Group had plant and machinery with net book values of Baht 97 million (2016: Baht 117 million) which were acquired under finance lease agreements.

As at 31 December 2017, 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 Baht 2,647 million (2016: Baht 2,183 million) (The Company only: Baht 347 million, 2016: Baht 262 million).

As at 31 December 2017, the Group had pledged their property, plant and equipment with net book values of approximately Baht 4,506 million (2016: Baht 2,968 million) (The Company only: Baht 482 million, 2016: Baht 546 million) as collateral against short-term and long-term credit facilities received from financial institutions.



16. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 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 2017								
Cost	14,205	2,144	319,447	-	335,796	8,239	100	8,339
Less: Accumulated amortisation	(12,150)	(1,286)	(38,167)	-	(51,603)	(7,712)	(77)	(7,789)
Net book value	2,055	858	281,280	-	284,193	527	23	550
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

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	296,791	300,767	1,102	1,299
Acquisition	6,611	5,890	94	735
Disposals - at cost	(11)	-	(11)	-
Disposals - accumulated amortisation	11	-	11	-
Amortisation	(19,209)	(9,866)	(646)	(932)
Net book value at end of year	<u>284,193</u>	<u>296,791</u>	<u>550</u>	<u>1,102</u>

17. Bank overdrafts and Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
	(% per annum)	(% per annum)				
Bank overdrafts	MOR	MOR	162,221	3	160,743	3
Promissory notes and bill of exchange	2.00 - 2.57	2.00 - 2.10	1,603,860	249,419	1,603,860	249,419
Trust receipts	2.85	3.42	599,521	817,114	-	-
Total			<u>2,365,602</u>	<u>1,066,536</u>	<u>1,764,603</u>	<u>249,422</u>

Bank overdrafts and short-term loans from financial institutions of the Company are secured by mortgages of property, plant and equipment of the Company as described in Note 15 to the financial statements.

The short-loans from financial institutions of the subsidiaries are secured by mortgages of property, plant and equipment of the subsidiaries as described in Note 15 to the financial statements and guaranteed by the Company.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties	18,561	12,737	17,558	11,420
Trade payables - unrelated parties	1,071,307	804,403	817,650	592,414
Other payables - related parties	4,972	5,128	92,620	8,636
Other payables - unrelated parties	292,634	281,262	165,052	139,482
Revenues received in advance	73,220	131,161	315	48,074
Cash received in advance from planter receivables	421,090	237,962	314,519	143,453
Accrued expenses to the Office of the Cane and Sugar Fund	287,401	120,674	200,282	78,351
Interest payable - related parties	62,955	63,246	34,384	33,781
Interest payable - unrelated parties	1,750	975	1,609	783
Accrued expenses - related parties	21,918	6,429	13,731	3,846
Accrued expenses - unrelated parties	184,581	230,618	116,219	162,846
Total trade and other payables	<u>2,440,389</u>	<u>1,894,595</u>	<u>1,773,939</u>	<u>1,223,086</u>

19. 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 financial statements/ Separate financial statements	
	2017	2016
Liabilities under finance lease agreements	2,296,800	2,392,500
Less: Deferred interest expenses	<u>(1,497,883)</u>	<u>(1,586,539)</u>
Total	798,917	805,961
Less: Portion due within one year	<u>(7,819)</u>	<u>(7,044)</u>
Liabilities under finance lease agreements - net of current portion	<u>791,098</u>	<u>798,917</u>

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2017			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	96	383	1,818	2,297
Deferred interest expenses	(88)	(342)	(1,068)	(1,498)
Present value of future minimum lease payments	8	41	750	799

(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

20. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016
1	4.20	Repayable in semi-annual installments, and the final installment is due in June 2022	2,745,269	3,243,354	2,745,269	3,243,354
2	2.00	Repayable in annual installment, and the final installment is due in June 2017	-	2,630	-	2,630
3	3.94	Repayable in semi-annual installment, and the final installment is due in December 2019	-	2,887	-	-
Total			2,745,269	3,248,871	2,745,269	3,245,984
Less: Current portion			(498,354)	(503,602)	(498,354)	(500,715)
Long-term loans, net of current portion			2,246,915	2,745,269	2,246,915	2,745,269

The loans of the Company are secured by mortgages of property, plant and equipment of the Company as described in Note 15 to the financial statements. The loans of subsidiaries are guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require to maintain debt-to-equity ratio and restrictions on mortgages of property, plant and equipment.

As at 31 December 2017, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 600 million (2016: Baht 886 million). These credit facilities are secured by mortgages of property, plant and equipment of the subsidiaries as described in Note 15 to the financial statements and guaranteed by the Company.

21. Long-term loans from the Office of Cane and Sugar Fund

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loan	229,799	146,007	112,471	19,166
Less: Current portion	(121,603)	(63,293)	(59,220)	(11,039)
Long-term loans, net of current portion	<u>108,196</u>	<u>82,714</u>	<u>53,251</u>	<u>8,127</u>

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 of 2.05% to 2.12% 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 Group.

22. Provision for long-term employee benefits

The components of the provision for long-term employee benefits of the Group are as follows:

1. Defined benefit plan compensation under labour law.
2. Additional benefit plan grants to employees who were hired before 16 July 2012 and have more than 10 years of service, who are entitled to additional benefits upon retirement in accordance with stipulated conditions.
3. Additional benefit plan grants upon the death of employees entitled to additional death benefits in accordance with stipulated conditions.

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for long-term employee				
benefits at beginning of the year	295,090	260,939	180,526	154,180
Included in profit or loss:				
Current service cost	22,771	15,193	12,968	8,582
Interest cost	6,725	5,838	3,878	3,305
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	5,339	-	4,424	-
Experience adjustments	11,344	21,126	7,485	17,807
Total	16,683	21,126	11,909	17,807
Benefits paid during the year	(8,107)	(8,006)	(4,096)	(3,348)
Provision for long-term employee				
benefits at end of the year	333,162	295,090	205,185	180,526

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sales	13,396	11,250	6,967	5,918
Selling and administrative expenses	16,100	9,781	9,880	5,969
Total expenses recognised in profit or loss	29,496	21,031	16,847	11,887

The Group expects to pay Baht 68 million of long-term employee benefits during the next year (2016: Baht 51 million) (The Company only: Baht 57 million, 2016: Baht 41 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit of the Group is 7 years (2016: 7 years) (The Company only: 7 years, 2016: 7 years).

Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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 2017 and 2016 are summarised below.

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(23)	25	(12)	13
Salary increase rate	33	(28)	18	(15)

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(21)	23	(11)	12
Salary increase rate	30	(25)	16	(14)

24. Share-based payment – Warrants

The Company issued and offered grants of warrants to the executives and employees (ESOP) of the Group, 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:

	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 2017, were Baht 44 million and Baht 23 million, respectively, (2016: 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 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Balance as at 1 January	92,685	48,196
Recognised during the year	44,489	44,489
Balance as at 31 December	137,174	92,685

Movements of the warrants were as follow:

(Unit: Thousand Unit)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Balance as at 1 January	28,000	28,000
Exercised warrants during the year	-	-
Balance as at 31 December	28,000	28,000

25. 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.

26. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	1,526,348	1,185,990	928,811	700,505
Depreciation and amortisation	1,269,217	1,142,268	596,511	542,943
Electricity and energy expenses	656,870	558,706	274,267	156,215
Transportation expenses	407,164	304,250	196,798	129,113
Repair and maintenance expenses	763,483	663,727	448,432	392,987
Stabilisation cost, research fees and cash paid to the Cane and Sugar Fund	1,194,954	1,322,448	898,739	1,082,152
Raw materials and consumables used	12,245,486	7,364,828	9,408,490	5,621,294
Changes in inventories of finished goods and work in progress	2,651,123	1,181,798	1,773,743	873,914

27. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	108,226	65,518	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(106,546)	58,712	(63,922)	35,521
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>1,680</u>	<u>124,230</u>	<u>(63,922)</u>	<u>35,521</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax on actuarial loss	(3,336)	(4,225)	(2,382)	(3,562)
	<u>(3,336)</u>	<u>(4,225)</u>	<u>(2,382)</u>	<u>(3,562)</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	647,174	(388,304)	602,203	260,515
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	129,435	(77,661)	120,441	52,103
Deferred tax assets which were not recognised during the year	17,017	203,676	4,653	175,097
Utilisation of previously unrecognised deferred tax assets - tax losses	(132,397)	(2,446)	(124,902)	-
The previously recognised deferred tax assets which were unusable during the year	-	14,477	-	-
Effects of:				
Promotional privileges	(32,630)	(31,837)	-	-
Income not subject to tax	-	-	(79,883)	(203,232)
Non-deductible expenses	27,325	25,656	19,683	14,318
Additional expense deduction allowed	(16,701)	(14,583)	(3,914)	(2,765)
Others	9,631	6,948	-	-
Total	(12,375)	(13,816)	(64,114)	(191,679)
Income tax expenses (benefits) reported in the statement of comprehensive income	1,680	124,230	(63,922)	35,521

As at 31 December 2017 and 2016, the components of deferred tax assets as stated in the statements of financial position are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for diminution in value of inventories	94,382	673	58,837	92
Allowance for impairment loss of investment properties	4,677	3,118	2,506	2,506
Finance leases	158,985	156,357	158,985	156,357
Provision for long-term employee benefits	66,632	59,018	41,037	36,105
Provision for decommissioning costs	5,872	3,996	-	-
Others	2,198	1,335	1,232	839
Total	332,746	224,497	262,597	195,899
Deferred tax liabilities				
Accumulated depreciation	(33,308)	(34,415)	(20,974)	(19,156)
Others	(1,648)	(2,175)	(227)	(1,650)
Total	(34,956)	(36,590)	(21,201)	(20,806)
Net	297,790	187,907	241,396	175,093

As at 31 December 2017, the Group has unused tax losses totaling Baht 787 million, for which deferred tax assets have not been recognised as future taxable profits may not be sufficient to allow the use of the unused tax losses as expenses in corporate income tax calculation within the prescribed period of time in the Revenue Code.

As at 31 December 2017, the unused tax losses of the Group, which were not recognised to deferred tax assets, will expire in 2030.

28. Promotional privileges

The subsidiaries granted privileges by the Board of Investment are as follow:

1. Certificate No.	1276/Or/2546	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	Electricity generating from biomass	Production of biological fertilisers or organic fertilisers	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
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	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	7-Oct-13	Not yet Commence	7-Jul-16	31-Oct-16	26-May-17	Not yet Commence
4. Date of first earning operation income							

29. 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 per share	
	2017 (Thousand Baht)	2016 (Thousand Baht)	2017 (Thousand shares)	2016 (Thousand shares)	2017 (Baht)	2016 (Baht)
Basic earnings (loss) per share	645,494	(512,535)	3,860,000	3,860,000	0.17	(0.13)
Effect of dilutive potential ordinary shares	-	-	-	-		
Diluted earnings (loss) per share	<u>645,494</u>	<u>(512,535)</u>	<u>3,860,000</u>	<u>3,860,000</u>	0.17	(0.13)

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2016 (Thousand Baht)	2017 (Thousand shares)	2016 (Thousand shares)	2017 (Baht)	2016 (Baht)
Basic earnings per share	666,125	224,994	3,860,000	3,860,000	0.17	0.06
Effect of dilutive potential ordinary shares	-	-	-	-		
Diluted earnings per share	<u>666,125</u>	<u>224,994</u>	<u>3,860,000</u>	<u>3,860,000</u>	0.17	0.06

For the years ended 31 December 2017 and 2016, 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.

30. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	386	0.10
Total for 2016		386	0.10
Final dividends for 2016	Annual General Meeting of the shareholders on 24 April 2017	386	0.10
Total for 2017		386	0.10

31. 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 year 2017, the Group has revenue from two major customers in amount of Baht 2,727 million and Baht 2,205 million (2016: Baht 1,846 million derived from one major customer).

Below is the consolidated financial information of the Group for the years ended 31 December 2017 and 2016 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		Elimination		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from sales and services														
- Local	6,949	7,299	260	223	1,654	1,645	900	832	45	43	(1,487)	(1,816)	8,321	8,226
- Overseas	8,178	6,105	1,026	675	-	-	-	-	-	-	-	-	9,204	6,780
Total	15,127	13,404	1,286	898	1,654	1,645	900	832	45	43	(1,487)	(1,816)	17,525	15,006
Segment profit	2,643	2,152	266	192	438	337	221	118	10	19	4	9	3,582	2,827
Unallocated income and expenses:														
Other income													307	91
Gain (loss) on exchange													33	(118)
Selling and administrative expenses													(2,942)	(2,872)
Finance expenses													(333)	(317)
Income tax expenses													(2)	(124)
Profit (loss) for the year													645	(513)

Transfer prices between business segments are as set out in Note 7 to the financial statement.

32. 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 2017 amounting to Baht 16 million (2016: Baht 14 million) (The Company only: Baht 10 million, 2016: Baht 8 million) were recognised as expenses.

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2017 and 2016, the Group had capital commitments relating to the construction of factory buildings, and acquisition of machinery and equipment from the unrelated parties as follows:

(Unit: Million)

Currencies	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Baht	23	55	20	10
US dollar	1	4	-	-
Japanese yen	-	1	-	1

33.2 Operating lease commitments

The Group had 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.

As at 31 December 2017 and 2016, future minimum required under these operating lease are service agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable within:				
1 year	29	30	10	3
Over 1 and up to 5 years	2	18	-	2
More than 5 years	6	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 2017, the Company recognised rental expenses of Baht 5 million (2016: Baht 5 million).

33.3 Bank guarantees

As at 31 December 2017 and 2016, 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 statements		Separate financial statements	
	2017	2016	2017	2016
Guarantees for power sale agreements	3	15	-	-
Guarantees electricity used	34	31	7	6
Total	37	46	7	6

33.4 Post-dated cheques

As at 31 December 2017 and 2016, the Group had post-dated cheques issued to planters for purchasing sugar cane as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Post-dated cheques	3,110	2,601	2,379	1,949

34. Financial instruments

34.1 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 is exposed to credit risk primarily with respect to trade and other receivables, planter receivables and loans. The Group manages the risk by adopting appropriate credit control policies and procedures. Therefore the Group does not expect to incur material financial losses. In addition, the Group does 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's exposure 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 2017 and 2016, 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.

(Unit: Million Baht)

	2017					2016					Interest rate (% per annum)			
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Fixed interest rates			Floating interest rate		Non-interest bearing	Total	
	Within 1 year	1 - 5 years	Over 5 years				Within 1 year	1 - 5 years	Over 5 years					
Financial assets														
Cash and cash equivalents	-	-	-	282	48	330	-	-	-	314	25	339	See Note 8	
Trade and other receivables	-	-	-	-	597	597	-	-	-	-	689	689		-
Planter receivables	-	-	-	-	564	564	-	-	-	-	556	556		-
	-	-	-	282	1,209	1,491	-	-	-	314	1,270	1,584		
Financial liabilities														
Bank overdrafts and short-term loans from financial institutions	2,366	-	-	-	-	2,366	1,067	-	-	-	-	1,067	See Note 17	
Trade and other payables	-	-	-	-	2,440	2,440	-	-	-	-	1,895	1,895	-	
Liabilities under finance lease agreements	8	41	750	-	-	799	7	37	762	-	-	806	See Note 19	
Long-term loans from financial institutions	498	2,247	-	-	-	2,745	504	2,295	450	-	-	3,249	See Note 20	
Long-term loans from related party	-	-	-	78	-	78	-	-	-	82	-	82	See Note 7	
Long-term loans from the Office of the Cane and Sugar Fund	122	108	-	-	-	230	63	83	-	-	-	146	See Note 21	
	2,994	2,396	750	78	2,440	8,658	1,641	2,415	1,212	82	1,895	7,245		

As at 31 December 2017 and 2016, the Group had Interest Rate Swap contracts with banks as follows:

Consolidated financial statement			
As at 31 December 2017			
Notional amount	Maturity	Interest rate to pay	Interest rate to receive
(Million Baht)		(% per annum)	(% per annum)
3,350	December 2018 - June 2020	3.9 - 4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Separate financial statement			
As at 31 December 2017			
Notional amount	Maturity	Interest rate to pay	Interest rate to receive
(Million Baht)		(% per annum)	(% per annum)
2,750	June 2020	4.2	The rates referenced 6M THBFIX plus a certain margin per annum

Consolidated financial statement			
As at 31 December 2016			
Notional amount	Maturity	Interest rate to pay	Interest rate to receive
(Million Baht)		(% per annum)	(% 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 statement			
As at 31 December 2016			
Notional amount	Maturity	Interest rate to pay	Interest rate to receive
(Million Baht)		(% per annum)	(% per annum)
3,250	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 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 31 December 2017					
Foreign currency	Consolidated financial statement		Separate financial statement		Average exchange rate
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.0	2.0	-	0.3	32.68

As at 31 December 2016					
Foreign currency	Consolidated financial statement		Separate financial statement		Average exchange rate
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.4	2.4	-	0.4	35.88
Japanese yen	-	0.7	-	0.7	0.31

As at 31 December 2016, foreign exchange contracts outstanding are summarised below.

Consolidated/Separate financial statement						
As at 31 December 2016						
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Unrealised (gain) loss from change in fair value	
			Bought	Sold	Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)	(Million Baht)
US dollar	2.3	49.0	35.65	35.33 - 35.85	(0.5)	4.3

As at 31 December 2017, the Company had sell call option contracts and the outstanding are summarised below.

Consolidated/Separate financial statement			
As at 31 December 2017			
Foreign currency	Amount	Contractual exchange rate	Unrealised loss from change in fair value
	(Million)	(Baht per 1 foreign currency unit)	(Million Baht)
US dollar	3.0	37.00 - 38.00	-

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 is 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.

The Company entered into sugar futures contracts to sell sugar in the futures market, under which delivery is due within the years 2017 and 2018. However between the time that the Company entered into these future contracts and the time that the Company entered into actual sales agreements with customers, the world marker price of sugar due for delivery in 2017 continually fluctuated. As a result, for the year ended 31 December 2017 the Company had gain of approximately Baht 328 million, arising from closing positions under futures contracts for which delivery was due in 2017, which have been recognised in the comprehensive income statement.

Sugar futures contracts with no actual delivery, which have an open status, are summarised below.

(Unit: Million US dollar)

	Consolidated/Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Contractual value	Fair value	Contractual value	Fair value
Futures purchases contracts	0.2	0.2	13.9	12.7
Futures sales contracts	14.4	14.3	42.7	37.8

Fair value of sugar futures contracts are based on Intercontinental Exchange contract No.11 in the New York market.

During the year 2018, the Cane and Sugar Board issued 1 announcement and 4 regulations which were published in the Government Gazette on 15 January 2018. These changed key principles relating to the cancellation of the allocation of sugar distribution channels, the cancellation of the setting of the sugar price for domestic sales, the cancellation of the collection of contributions to the Office of the Cane and Sugar Fund from domestic sales of sugar and the setting of production volumes for sugar producers.

34.2 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 2017, 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 2017, the Group had the assets and liabilities that were disclosed as follows:

- The fair value includes in level 2 as present in Note 34.1 to the financial statements.
- The fair value includes in level 3 as present in Note 14 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 years 2017 and 2016, there were no transfers within the fair value hierarchy.

35. 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 2017, the Group's debt-to-equity ratio was 1.20:1 (2016: 1.05:1) and the Company's was 0.79:1 (2016: 0.58:1).

36. Events after the reporting period

- 36.1 At the Company's Board of Directors' meeting on 23 February 2018, it approved a dividend payment for the operating result of 2017 at Baht 0.15 per share for 3,860,000,010 ordinary shares, amounting to Baht 579 million. However, the approval for the dividend payment shall be proposed to the Annual Shareholders' Meeting for the year 2018 for further consideration and approval.
- 36.2 On 26 January 2018, KTIS Research and Development Co., Ltd., a subsidiary, registered the increase in its share capital from Baht 10 million (100,000 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 10 million.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.



บริษัท เกษตรไทย อินเตอร์เนชั่นแนล ซูการ์ คอร์ปอเรชั่น จำกัด (มหาชน)
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