

Part 3

Financial Position and Operating Performance

13. Financial Information

13.1 Summary of the audit reports over the past three years

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

1. Auditor for the consolidated and company financial statements in three years.

Financial Statements as at 31 December, 2013.
 Prasit Yuengsrikul
 Certified Public Accountant (Thailand) No. 4174
 PricewaterhouseCoopers ABAS Ltd.

Financial Statements as at 31 December, 2014.
 Prasit Yuengsrikul
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Financial Statements as at 31 December, 2015.
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 PricewaterhouseCoopers ABAS Ltd.

2. Auditor's Reports for three years.

Auditor's opinion for financial statements as at 31 December 2013

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company 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 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Auditor's opinion for financial statements as at 31 December 2014

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Auditor's opinion for financial statements as at 31 December 2015

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13.2 Summary of financial statements of the Company and its subsidiaries.
Financial Statement

	For the year end					
	31Dec 2013 Consolidated (Restarted)		31Dec 2014 Consolidated		31Dec 2015 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Current assets						
Cash and cash equivalents	416.31	2.58	828.07	4.43	346.73	1.84
Short-term investments	0.95	0.01	0.97	0.01	-	-
Restricted bank deposits	-	-	10.02	0.05	-	-
Trade and other receivables, net	1,043.25	6.47	1,446.27	7.74	1,770.90	9.42
Farmer receivables, net	580.47	3.60	519.15	2.78	431.47	2.30
Short-term borrowings to related parties	-	-	-	-	-	-
Inventories, net	4,561.55	28.28	4,845.70	25.93	2,914.63	15.51
Asset held for sale	0.11	0.00	-	-	-	-
Other current assets	102.19	0.63	116.39	0.62	114.28	0.61
Total current assets	6,704.84	41.57	7,766.57	41.55	5,578.01	29.68
Non-current assets						
Investments in subsidiaries	-	-	-	-	-	-
General investments	0.39	0.00	0.39	0.00	0.39	0.00
Other receivable - Office of the Cane and Sugar Fund	-	-	-	-	798.05	4.25
Investment properties, net	269.89	1.67	304.22	1.63	323.18	1.72
Property, plant and equipment, net	8,800.04	54.56	10,063.94	53.85	11,345.66	60.37
Intangible assets, net	11.68	0.07	234.30	1.25	300.77	1.60
Deferred tax assets, net	192.49	1.19	202.61	1.08	242.39	1.29
Other non-current assets	151.04	0.94	117.84	0.63	204.75	1.09
Total non-current assets	9,425.52	58.43	10,923.30	58.45	13,215.20	70.32
Total assets	16,130.36	100.00	18,689.86	100.00	18,793.21	100.00

Remark 1-Percentage of Total Assets

	For the year end					
	31Dec 2013 Consolidated (Restarted)		31Dec 2014 Consolidated		31Dec 2015 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Liabilities and shareholders' equity						
Current liabilities						
Short-term borrowings from financial institutions	1,469.19	9.11	2,550.72	13.65	1,922.01	10.23
Trade and other payables	3,605.89	22.35	3,032.90	16.23	2,207.99	11.75
Short-term borrowings from related parties	968.33	6.00	682.00	3.65	-	-
Current portion of long-term borrowings	1,317.18	8.17	783.02	4.19	696.89	3.71
Income tax payable	68.22	0.42	48.94	0.26	0.76	0.00
Obligation-share to be issued	2,082.27	12.91	-	-	-	-
Other current liabilities	94.45	0.59	84.08	0.45	121.23	0.65
Total current liabilities	9,605.52	59.55	7,181.67	38.43	4,948.89	26.33
Non-current liabilities						
Long-term borrowings, net	3,007.28	18.64	1,998.99	10.70	4,282.48	22.79
Employee benefit obligations	260.52	1.62	299.17	1.60	260.94	1.39
Long-term provision for decommissioning costs	9.56	0.06	10.00	0.05	10.47	0.06
Other non-current liabilities	657.35	4.08	627.62	3.36	597.98	3.18
Total non-current liabilities	3,934.71	24.39	2,935.78	15.71	5,151.87	27.41
Total liabilities	13,540.22	83.94	10,117.45	54.13	10,100.76	53.75

	For the year end					
	31Dec 2013 Consolidated (Restarted)		31Dec 2014 Consolidated		31Dec 2015 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Shareholders' equity						
Share capital						
Authorised share capital						
3,888,000,000 ordinary shares of par Baht 1 per share	3,888.00	24.10	-	-	-	-
3,888,000,000 ordinary shares of par Baht 1 per share	-	-	3,888.00	20.80	-	-
3,888,000,010 ordinary shares of par Baht 1 per share	-	-	-	-	3,888.00	20.69
Issued and paid-up share capital						
3,274,573,000 ordinary shares of paid-up Baht 1 per share	3,274.57	20.30	-	-	-	-
3,860,000,000 ordinary shares of paid-up Baht 1 per share	-	-	3,860.00	20.65	-	-
3,860,000,010 ordinary shares of paid-up Baht 1 per share	-	-	-	-	3,860.00	20.54
Premium on share capital	-	-	5,202.88	27.84	5,202.88	27.68
Capital reserve for share-based payment transactions	-	-	3.71	0.02	48.20	0.26
Retained earnings						
Appropriated						
- Legal reserve	55.26	0.34	212.67	1.14	245.19	1.30
Unappropriated	2,837.46	17.59	2,870.32	15.36	2,913.35	15.50
Discount on business combination under common control	(3,577.17)	(22.18)	(3,577.17)	(19.14)	(3,577.17)	(19.03)
Total shareholders' equity	2,590.14	16.06	8,572.41	45.87	8,692.46	46.25
Total liabilities and shareholders' equity	16,130.36	100.00	18,689.86	100.00	18,793.21	100.00

Remark 1 - Percentage of total liabilities and shareholders' equity.

	For the year end					
	31Dec 2013 Consolidated (Restarted)		31Dec 2014 Consolidated		31Dec 2015 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Revenues from sales and services	18,051.66	100.00	20,120.14	100.00	19,328.22	100.00
Cost of sales and services	(13,824.66)	(76.58)	(14,902.45)	(74.07)	(14,854.15)	(76.85)
Gross profit	4,227.00	23.42	5,217.69	25.93	4,474.07	23.15
Other income	434.01	2.40	228.63	1.14	128.32	0.66
Dividends received from subsidiaries	-	-	-	-	-	-
Realised gains/(losses) on derivatives	392.69	2.18	27.95	0.14	(12.63)	(0.07)
Loss on exchange rate	(39.78)	(0.22)	(180.39)	(0.90)	(172.90)	(0.89)
Selling expenses	(2,038.40)	(11.29)	(1,929.70)	(9.59)	(1,939.73)	(10.04)
Administrative expenses	(1,054.47)	(5.84)	(1,489.54)	(7.40)	(1,422.45)	(7.36)
Finance costs	(495.86)	(2.75)	(415.31)	(2.06)	(372.93)	(1.93)
Profit before income tax expense	1,425.17	7.89	1,459.35	7.25	681.73	3.53
(Income tax expense) tax income	(206.71)	(1.15)	(93.59)	(0.47)	48.22	0.25
Net profit for the year	1,218.47	6.75	1,365.76	6.79	729.95	3.78
Total comprehensive income attributable to						
Equity holders of th Company	1,218.47	6.75	1,365.76	6.79	729.95	3.78
Non-controlling interests	-	-	-	-	-	-
Earnings per share						
Basic earnings per share	0.37		0.38		0.19	

Remark 1- Percentage of revenue from sales to service.

	For the year end		
	31Dec 2013	31Dec 2014	31Dec 2015
	Consolidated (Restarted)	Consolidated	Consolidated
Cash flows from operating activities			
Profit before income tax expense	1,425.17	1,459.35	681.73
Adjustments for:			
- Depreciation and amortisation	629.25	820.37	940.61
- Gain on realised discount from transfer right of farmer receivables	(141.29)	(23.87)	(9.41)
- Allowance for doubtful accounts (reversal)	22.16	62.24	3.25
- Loss from diminution in value of inventories	-	40.31	179.86
- Loss on impairment of investment properties	6.51	8.41	1.95
- Loss on impairment of property, plant and equipment	-	-	72.39
- Expense on retirement benefit obligations	(58.04)	24.91	24.82
- Share-based payment transactions	-	3.71	44.49
- Finance costs	495.86	415.31	372.93
- Interest income	(52.58)	(34.49)	(30.41)
- Unrealised loss on exchange rate	48.71	7.66	27.52
- Gain on disposals of property, plant and equipment	(2.55)	(5.37)	(13.51)
- Loss on write-off of property, plant and equipment	-	59.79	10.82
- Dividend income	-	-	-
- Deferred revenue from the Office of The Cane and Sugar Fund	-	-	(222.38)
Cash flows before changes in operating assets and liabilities	2,373.22	2,838.32	2,084.66

CASH FLOWS (continued)¹

	For the year end		
	31Dec 2013	31Dec 2014	31Dec 2015
	Consolidated (Restarted)	Consolidated	Consolidated
Cash flows before changes in operating assets and liabilities	2,373.22	2,838.32	2,084.66
Changes in operating assets and liabilities:			
- Trade and other receivables	352.53	(323.78)	(321.43)
- Farmer receivables	626.49	(9.29)	93.52
- Inventories	(982.24)	(324.46)	1,751.21
- Other current assets	55.77	(10.95)	49.43
- Other receivable-Office of the Cane and Sugar Fund	-	-	(558.66)
- Other non-current assets	448.91	7.00	(86.67)
- Trade and other payables	(853.25)	(675.98)	(794.45)
- Other current liabilities	(40.29)	(10.36)	37.15
- Other non-current liabilities	(6.71)	(0.20)	-
- Employee benefit obligations	-	(8.14)	(15.07)
Cash generated from operating activities	1,974.44	1,482.16	2,239.70
- Interest paid	(433.86)	(415.59)	(329.50)
- Income tax paid	(518.62)	(120.74)	(97.40)
Net cash generated from (used in) operating activities	1,021.96	945.84	1,812.80

CASH FLOWS (continued) 1.

	For the year end		
	31Dec 2013	31Dec 2014	31Dec 2015
	Consolidated (Restarted)	Consolidated	Consolidated
Cash flows from investing activities			
Interest received	41.74	34.67	30.41
Restricted bank deposits	-	(10.02)	10.02
Purchase (disposal) of short-term investments	-	(0.02)	0.97
Short- term loan payments received from others	161.50	-	-
Purchases of investment properties	(276.53)	-	(19.15)
Purchases of property, plant and equipment	(1,851.41)	(2,179.30)	(2,308.07)
Capitalised borrowing costs in property, plant and equipment	-	(23.19)	(40.81)
Proceeds from disposals of property, plant and equipment	8.31	12.06	17.56
Purchases of intangible assets	(3.25)	(130.27)	(77.10)
Dividends received	-	-	-
Net cash used in investing activities	(1,919.66)	(2,296.06)	(2,386.17)

CASH FLOWS (continued) 1.

	For the year end		
	31Dec 2013	31Dec 2014	31Dec 2015
	Consolidated (Restarted)	Consolidated	Consolidated
Cash flows from financing activities			
Proceeds from/ (repayments on) short-term borrowings from financial institutions	294.27	1,048.38	(723.63)
Repayments on short-term borrowings from related parties	398.23	(286.33)	(682.00)
Proceeds from long-term borrowings from financial institutions	815.00	436.00	4,189.84
Proceeds from long-term borrowings from other	136.35	-	58.40
Proceeds from issue of ordinary shares	-	3,706.00	-
Payments on finance lease liabilities	(4.64)	(5.15)	(5.72)
Payments on long-term borrowings from financial institutions	(1,470.53)	(1,923.70)	(1,993.94)
Payments on long-term borrowings from related parties	(12.00)	(4.85)	(4.85)
Payments on long-term borrowings from other	-	(50.21)	(51.27)
Dividends paid	-	(1,157.99)	(694.80)
Net cash generated from financing activities	156.67	1,761.99	92.03
Net increase (decrease) in cash and cash equivalents	(741.04)	411.76	(481.34)
Cash and cash equivalents at the beginning of the year	1,157.34	416.31	828.07
Cash and cash equivalents at the end of the year	416.31	828.07	346.73

Financial Ratios

		Unit	For the year end		
			31Dec 2013	31Dec 2014	31Dec 2015
			Consolidated (Restarted)	Consolidated	Consolidated
Liquidity Ratio					
	Current Ratio	Times	0.70	1.08	1.13
	Current ratio (adjusted commitments to issue shares in the future) 1	Times	0.89	-	-
	Quick ratio	Times	0.15	0.32	0.43
	Operating Cash Flow Ratio	Times	0.12	0.11	0.30
	Account Receivable Turnover	Times	14.34	16.16	12.02
	Average Collection Period	Days	25.45	22.58	30.38
	Inventory Turnover	Times	2.94	3.17	3.83
	Average Sale (Inventory) Period	Days	124.19	115.20	95.34
	Account Payable Turnover	Times	4.16	4.49	5.67
	Average Payment Period	Days	87.64	81.30	64.39
	Cash Cycle	Days	61.99	56.48	61.33
Profitability Ratio					
	Gross Profit Margin	%	23.42	25.93	23.15
	Operating Profit Margin	%	8.24	8.18	4.79
	Net Profit Margin	%	6.75	6.79	3.78
	Return on Equity	%	60.46	24.47	8.46

Remark

The formula used by SET

Due to the restructuring of the Group. And the transition period, the Company has prepared consolidated financial statements for the year ended as at 31 December 2555 and renovated. To analyze and compare the financial position and results of operations.

1 year 2555-2556 adjusted by deducting the obligation to issue shares in the amount of 2082.3 million baht out of the total debt. And a positive return on the part of shareholders. The obligation to issue shares in the future. Is reversed as part of the shareholder's shares after listing on the stock market.

2 ratio of interest bearing debt to equity shareholders of the calculation of interest-bearing liabilities. (Excluding finance lease on property leased from the company's processing plants RPE) to the shareholders.

3 based on the dividends paid from the profit of the year 2557 compared with net income of the year 2557, and in 2557 a dividend from retained earnings of Baht 1,158 million (not included in calculating the Dividend Payout Ratio).

Financial Ratios

	Unit	For the year end		
		31Dec 2013	31Dec 2014	31Dec 2015
		Consolidated (Restarted)	Consolidated	Consolidated
Efficiency Ratio				
Return on Asset	%	11.97	10.77	5.63
Return on Fixed Assets	%	23.47	19.88	9.85
Total Asset Turnover	Times	1.15	1.17	1.04
Fixed Asset Turnover	Times	2.26	2.16	1.82
Financial Policy Ratio				
D/E Ratio	Times	5.23	1.18	1.16
D/E Ratio (revised commitments to issue shares in the future) 1	Times	2.45	-	-
Interest Coverage Ratio	Times	3.87	4.51	2.83
Dividend Payout 3	%	-	50.87	52.88

Remark

The formula used by SET

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1 year 2555-2556 adjusted by deducting the obligation to issue shares in the amount of 2082.3 million baht out of the total debt. And a positive return on the part of shareholders. The obligation to issue shares in the future. Is reversed as part of the shareholder's shares after listing on the stock market.

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14. Management Discussion and Analysis

Significant accounting standards policy

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Business performance summary in 2015

Sales and services revenues in 2015 were Baht 19,328.2 million, decreased Baht 791.9 million or 3.9%, compared with those of the same period of 2014 at Baht 20,120.1 million. This was due to decreases of revenues from all product lines, namely, revenue from sugar business decreased 1.9% resulting from a decrease of average world sugar selling price in 2015, revenue from breached bagasse pulp sales decreased 18.3% from decreases in pulp sales volume, revenue from ethanol sales decreased 5.8% in line with

decreases of world oil price, and revenue from electricity sales decreased 12.6% as a result of the more in-house consumption of steam and electricity, the less selling electricity units. Also, revenue from agricultural machinery services and others decreased 3.1%.

Other income in 2015 was Baht 128.3 million, decreased Baht 100.3 million or 43.9%, compared with that of the same period of 2014 at Baht 228.6 million, due to lower Sugar Quota B right and lower gain on realized discount from transfer right of farmer receivables in 2015

Total revenue consists of sales and services revenues and other income. The Company and its subsidiaries' total revenues in 2015 were Baht 19,456.5 million, decreased Baht 892.2 million or 4.4%, compared with those of the same period of 2014 at Baht 20,348.8 million.

Cost of sales and services in 2015 were 14,854.2 million, decreased Baht 48.3 million or 0.3%, compared with those of the same period of 2014 at Baht 14,902.5 million, in line with the decreases of revenue from sales and services.

Selling and administrative expenses in 2015 were Baht 3,362.2 million, decreased Baht 57.1 million or 1.7%, compared with those of the same period of 2014 at Baht 3,419.2 million. This was due to lower warehouse expenses from increases of sugar selling volume, and transportation costs also decreased in line with decreases of fuel oil

The Company recorded the loss on foreign exchange rate in 2015 at Baht 172.9 million, compared with that of the same period of 2014, which recorded the loss on foreign exchange rate at Baht 180.4 million. Because Thai Baht against US dollars was weaker than forward rate that the company fixed with the Bank.

Financial costs in 2015 were Baht 372.9 million, decreased Baht 42.4 million or 10.2%, compared with those of the same period of 2014 at Baht 415.3 million, due to re-arrangement of borrowings to get the lower interest rate.

From the above factors, net profit in 2015 was Baht 729.9 million, decreased 46.6%, from 2014 at Baht 1,365.8 million, as a result of changes in revenues and expenses as aforementioned

Income statements analysis

Income	2014 (million Baht)	2015 (million Baht)	Change (million Baht)	Change %
Revenue from the sales and services.	20,120.1	19,328.2	(791.9)	- 3.9%
Sugar business	15,644.3	15,340.6	(303.7)	-1.9%
Revenue from sale of sugar	14,848.7	14,351.7	(497.0)	-3.3%
Revenue from sale of molasses.	795.6	766.5	(29.1)	-3.7%
Compensation for sugar production and distribution	-	222.4	222.4	
Subsidiaries business	4,475.8	3,987.6	(488.2)	-10.9%
Revenue from sale of ethanol.	1,740.3	1,638.6	(101.8)	-5.8%
Revenue from sales of bagasse bleached pulp	1,598.2	1,305.5	(292.8)	-18.3%
Revenue from sales of electricity	616.0	538.3	(77.7)	-12.6%
other	521.3	505.2	(16.0)	-3.1%
Other income	228.6	128.3	(100.3)	-43.9%
Total income	20,348.8	19,456.5	(892.2)	-4.4%

Total revenues

The company total revenues in 2015 were Baht 19,456.5 million, decreased Baht 892.2 million or 4.40 % decrease from 2014 which were Baht 20,348.8 million. The details are as follows,

Sugar business

Revenues from sugar business in year 2015 and 2014 were Baht 15,340.6 million and Baht 15,644.3 million, decreased Baht 303.7 million or 1.9% resulted from the following key factors:

- In 2015, sugar sales volume increased 79,291.1 tons or 7.9% from 2014
- The average export sales price in 2015 was Baht 11,690.3 per ton decreased 13.0% from Baht 13,442.8 per ton in 2014
- The sugar price in commodity market (New York No.11) decreased as a result of the depreciation of the Brazilian Real against the U.S dollar and its policy to increase the proportion in producing ethanol from sugar cane juice. At the same time, the stock of sugar in the world market that carried over from the previous year was very high.

However, the impact of El Nino will affect the decrease in the stock of sugar in the world market. Report from LMC forecasted that the stock of sugar in the world market would become shortage in 2015/16

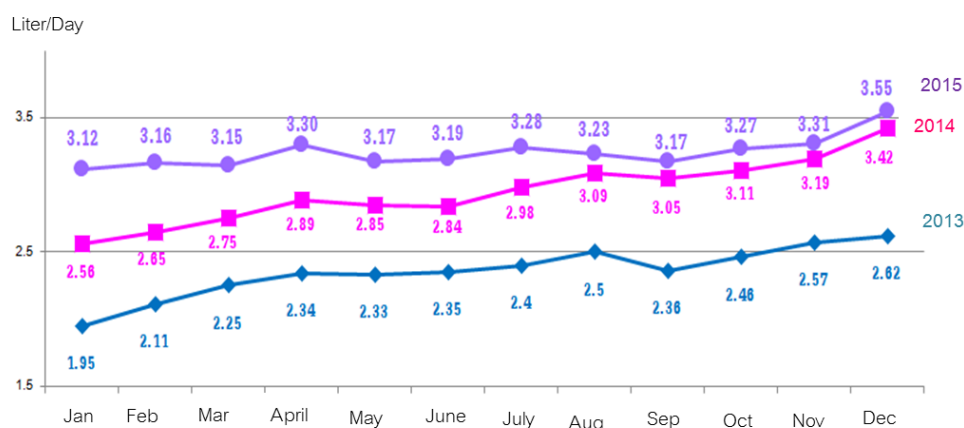
- The average domestic sales price in 2015 was at the same price in 2014 which was under Government control.
- The sale of molasses volume in 2015 and 2014 were 181,703.4 tons and 187,979.3 tons decreased 3.3%. The average sales of molasses price in 2015 was Baht 4,218.4 per tons, slightly decreased 0.3% from Baht 4,232.4 per ton.in 2014.

Subsidiaries business

Revenues from subsidiaries business in 2015 and 2014 were Baht 3,987.6 million and Baht 4,475.8 million respectively, decreased 10.9 %, which resulted from

- Revenue from the sale of ethanol in 2015 and 2014 were Baht 1,638.6 million and Baht 1,740.3 million respectively, down 5.8 % because of the following factors.
 - Sales volume of ethanol in 2015 and 2014 was 66.6 million liters and 68.8 million liters, respectively, down 3.2 % from the rising competition in the industry, while the ethanol growth of domestic consumption did not increase much.
 - The average sales price of ethanol in the country in 2015 was Baht 24.59 per liter, down slightly from the year 2014 at Baht 25.29 per liter as a result of the decline in world oil prices.

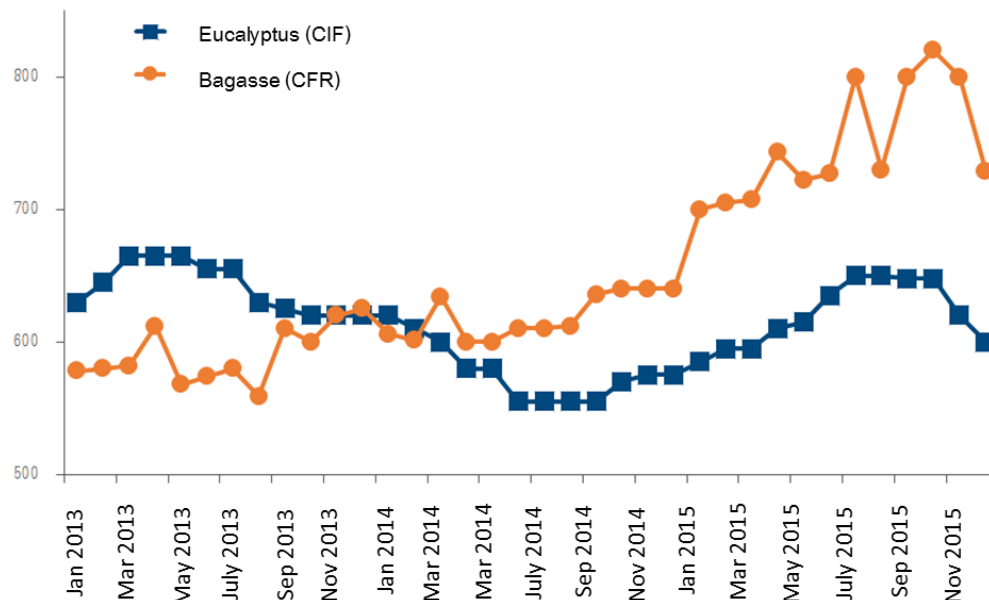
The following graph shows the consumption of ethanol for three years.



Source: data from the Department of Energy

- Revenue from the sale of bagasse bleached pulp for the year 2015 and 2014 was Baht 1,305.5 million and Baht 1,598.2 million, respectively, down 18.3 % as a result of the following factors
 - Sales volume of bagasse bleached pulp in 2015 and 2014 were 58,745.7 tons and 85,458.3 tons, down by 31.3 %, the volume of sales in domestic and overseas sales volumes decreased because of the popularity of the publications being replaced by digital media.
 - Average selling prices for bagasse bleached pulp in the country rose to 20,254.5 baht per ton in 2015 from 17,529.3 baht per ton in 2014 and average selling prices for bagasse bleached pulp overseas turned higher to 22,858.1 Baht per ton in 2015 from 19,165.4 Baht per ton in 2014 due to the market acceptance of the good features of bagasse bleached pulp that is environmentally friendly. The company is one of the fewer bagasse bleached pulp producers of the world that could stipulate the selling price at a certain level

The following graph shows the change in the price of bleached pulp from bagasse past three years.



Source: Data from RISI.

- Revenue from electricity sales in 2015 and 2014 was Baht 538.3 million and Baht 616.0 million respectively, down 12.6 % since the steam and electricity generated from KasetthaiBioPower Co, Ltd. (KTBP) had been utilized in sugar factory so the sale of electricity reduced.
- Revenues from other sales and services incomes were Baht 505.2 million and Baht 521.3 million respectively, down 3.1 %, mainly derived from providing services to farmers were reduced

Other income

Other income in 2015 was Baht 128.3 million, decreased 43.9 % from Baht 228.6 million in 2014 due to lower Sugar Quota B right and lower gain on realized discount from transfer right of farmer receivables in 2015

Cost of sales and services, and gross profit margin

Comparison for cost of sales and services, and gross profit margin between 2015 and 2014 are shown in the table below.

Cost of sales and services in 2015 was Baht 14,854.20 million, decreased 0.3 % from 2014 at Baht 14,902.5 million in accordance with the decrease in the revenues from sales and services.

Income	2014 (million Baht)	2015 (million Baht)	Change (million Baht)	Change percent
Revenues from sales and services.	20,120.1	19,328.2	(791.9)	-3.9%
Sugar business	15,644.3	15,340.6	(303.7)	-1.9%
Subsidiaries business	4,475.8	3,987.6	(488.2)	-10.9%
Cost of sales and services	14,902.5	14,854.2	(48.3)	-0.3%
Sugar business	12,437.6	12,643.2	205.6	1.7%
Subsidiaries business	2,464.9	2,210.9	(253.9)	-10.9%
Gross profit	5,217.7	4,474.1	(743.6)	-14.3%
Sugar business	3,206.7	2,697.5	(509.3)	-15.9%
Subsidiaries business	2,011.0	1,776.6	(234.4)	-11.7%
Gross margin	25.9%	23.1%		-2.8%
Sugar business	20.5%	17.6%		-2.9%
Subsidiaries business	44.9%	44.6%		-0.4%

Gross profit in 2015 was 23.1 % decreased from the profit 25.9% in 2014 because gross profit from both sugar and bio-business decreased.

Gross profit from sugar business decreased due to.

- Average sales price of sugar in 2015 Baht 13,287.8 per ton, decreased from Baht 14,837.2 per ton in 2014.
- Average sales price of molasses in 2015 Baht 4,218.4 per ton, decreased from Baht 4,232.4 per ton in 2014.

Gross profit from bio business decreased from.

- Average sales price of ethanol in 2015 Baht 24.59 per liter, decreased from Baht 25.29 per liter in 2014.
- Bagasse bleached pulp sales volume in 2015 = 58,745.7 tons, decreased from 85,458.3 tons in 2014.
- Average sales price of electricity in 2015 Baht 3.34 per unit, decreased from Baht 3.52 per unit, in 2014.

Selling and administrative expenses

Selling and administrative expenses was Baht 3,362.2 million, decreased Baht 57.1 million or 1.7% from 2014 at Baht 3,419.2 million. The main reasons were the decrease in warehouse cost and transportation cost as proportionate to the decrease in fuel prices.

Profit (loss) on exchange rate

The company recorded a loss on exchange rate in 2015 amounted to Baht 172.9 million, compared to the loss in 2014 at Baht 180.4 million. The value of the Baht against the US dollar was weaker than the forward rate fixed by the company on foreign sales to prevent the risk of exchange rate fluctuations. .

The financial cost

Finance costs in 2015 was Baht 372.9 million decreased Baht 42.4 million or 10.2% down from 2014 at Baht 415.3 million as the company had restructured loans and financial management.

Net profit and net profit margin

Net profit in 2015 was Baht 729.9 million or 46.6 % decreased from 2014 at Baht 1,365.8 million. The net profit margin in 2015 and 2014 was 3.8% and 6.8% respectively.

Analysis of the financial position(Consolidated)

Assets

As at 31 December 2015, Total assets were Baht 18,793.2 million, increased 0.6 % from 2014 at Baht 18,689.9 million.

- *Current assets* as at 31 December 2015 were Baht 5,578.0 million, decreased 28.2 % from 2014 which were Baht 7,766.6 million. The main reasons were:
 - Cash and Cash Equivalents decreased Baht 481.3 million.
 - Trade and Other receivables, net increased to Baht 324.6 million.
 - Inventories, net decreased Baht 1,931.1 million as sales increased.
- *Non-current assets* as at 31 December 2015 were Baht 13,215.2 million, increased 21.% from 2014 which were Baht 10,923.3 million. The main reasons were
 - Other Receivable - Office of the Cane and Sugar Fund was Baht 798.1 million. which should be paid to the sugar factory by Office of the Cane and Sugar Fund as the compensation for sugar production and distribution.
 - Property, plant and equipment, net increased Baht 1,281.7 million as to the investment purposes stated in the prospectus (IPO). Which were two biomass power plants and liquid sucrose and super refined sugar project.

Liabilities

As at 31 December 2015, total liabilities were Baht 10,100.8 million, decreased 0.2 % from year 2014 which were Baht 10,117.4 million.

- *Current liabilities* as at 31 December 2015 were Baht 4,948.9 million, decreased 31.1 % from year 2014 which were Baht 7,181.7 million. The main reasons were
 - Short-term borrowings from financial institutions reduced Baht 628.7 million.
 - Trade and other payables decreased Baht 824.9 million.
 - Short-term borrowings from related parties decreased Baht 682.0 million.
- *Non-current liabilities* as at 31 December were Baht 5,151.9 million, increased 75.5 % from year 2014 which were Baht 2,935.8 million. The company had restructured financial borrowings in order to get lower financial costs by increasing Baht 2,283.5 million on net long-term borrowings.

Shareholders' equity

As at 31 December 2016, Shareholders' equity was Baht 8,692.5 million, increased 1.4 % from 2014, which was Baht 8,572.4 million.

The adequacy of funds

The company has relationships with various financial institutions who give financial support for the

company working capitals and investments. Meanwhile, the company has utilized various financial instruments for financial management. As a result, in 2015 the company could reduce the financial cost more than 10% from year 2014.

In addition, the company has the non-collateral credit line of Baht 5,000 million, in short-term Bills of Exchange (specified payee) for 270 days under Thai Baht currency.

Financial liquidity

Liquidity ratio according to the consolidated financial statements as at 31 December 2015 was 1.13 times, an increase from year 2014 which was 1.08 times. And Quick ratio was 0.54 times, an increase from year 2014 which was 0.41 times.

The company has adequate financial liquidity in business and many sources of fund at reasonable cost. With the trustworthiness obtained from many financial institutions that support the company for long time, the company has the credit line of working capital with the terms and interest rates that are suitable for the business competition.

In 2015, the company had developed and designed the financial products with the financial institutions and utilized to manage the financial liquidity of the business group. As a result, it could reduce a lot in financial cost of the group.

Capital structure

The company has a policy to manage firm financial structure which is appropriate to support the business operations of the Group and increases share value of shareholders upon business benefits and minimized financial risks.

To reduce financial risk, the company had restructured long-term and short-term debts, the proportion of debt between floating interest rate and fixed interest rate under the appropriate capital management and investment in subsidiaries.

In 2015, Debt to Equity Ratio was 1.16 times, same as year 2014 which was 1.16 times which was not a significant financial structure risk. The company still has the ability to take additional leverage in a financial restructuring of the group, including investment opportunities in future projects.

Cash flow

In 2015, net Cash flow from operating activities was Baht 1,812.8 million. Cash flow used in investing activities Baht 2,386.1 million, and cash flow from financing activities was Baht 92.0 million, so the cash and cash equivalents decreased by Baht 481.3 million.

Combined with the beginning cash and cash equivalents at Baht 828 million, the ending cash and cash equivalents amounted to Baht 346.7 million.

Capital expenditure and funding source

In 2015, net cash flow used in investing activities amounted to Baht 2,386.1 million for two 50 MW biomass power plant projects and the liquid sucrose and super refined sugar project, in accordance with the company's purpose of Initial Public Offering in the stock market and for the fund used to improve production efficiency.

Factors or events that will affect the financial position or operations in the future
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The uncertainties of the global economic recovery from the economic stagnation affect consumer demand for goods, the instable commodity price and the low oil price, and slowdown production and sales activities.

In 2016, the trend of the world sugar market will still be under pressure due to it has been realized five consecutive years. The trend of low sugar price will cause farmers to change crops and reduced sugar cane production in some countries. So the forecast of sugar production is expected to be lower and the consumption will be higher in 2015/2016. As a result, the world sugar supply and demand balance will be in deficit.

The forecast of Thai sugar cane production and distribution is still steady, even though the quantity is likely to decrease from the past year because of the drought. However, as Thailand is one of the major exporters in the world sugar market, especially in Asia, the export opportunity will be higher. If the world sugar price rebounds, the positive effects will be brought to Thai sugar industry, including our group. In addition, the product development project of Liquid sucrose and Super refined sugar which will be completed and started commercially in 2016 will increase revenue of our group.

The performance of the Bio-business companies in 2016 are expected to be in good prospect as follows,

▪ **Pulp business**

Despite the feeble economic recovery and economic slowdown in certain countries, the demand for bagasse pulp remained positive. Especially, the customers who are environmental oriented business, changed to use bagasse pulp as raw material which create good image for their products such as eco-friendly packaging, printing and writing paper and sanitary paper etc. As we are one of the bleached bagasse pulp manufacturers which are very few, we are able to sell at a reasonable price.

▪ **Ethanol business**

As to the Alternative Energy Development Plan for 2015 – 2036 (known as AEDP 2015), the government aims to encourage the proportion of the alternative energy consumption from the current level of 11.9% to 30% of Thailand's total energy demand by 2036. The ethanol production and consumption need to be increased to 11.3 million liters per day or approximately 4,125 million liters per year by 2036 backed with a solid ethanol consumption promotion strategy. To this end, the levy on gasohol for the national fuel fund has been adjusted to an appropriate level to motivate consumers to use the ethanol-blended E20 and E85.. Therefore, more opportunities to enhance and expand ethanol production capacity in the future are growing.

There are also opportunities to expand and develop a variety of ethanol products other than fuel. With steady raw material supply, our customers will be assured with punctual and reliable product delivery. The company also joins with business partners to develop and expand the new products for usage of ethanol as raw materials.

▪ **Biomass power plants**

The company has policy to add value to waste from sugar production process, bagasse, as fuel to produce electricity. Also, have other plans for the procurement of additional fuels for more electricity generation i.e. cane trashes etc.

The two biomass power plant projects are expected to start commercial operation in 2016 that will increase the company revenue.

The company pays attention to such factors significantly, so the Board of Directors has assigned the risk management committee to regularly monitor, review and assess risk in order to ensure the implementation of policies with consist to the risk management plan and measures in all aspects until the risks are controlled in the suitable and acceptable level.