

Part 1

Business Profile

1. Overview of Business Operation and Policy
1.1 Vision & Mission
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.


1.2 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.

1.3 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 :

Leader of Cane Business - The Company initiated a wide range of activities with an aim of developing the upstream businesses. Such activities include the cane breeding selection, the application of cane plantation management technology, the technical training for cane farmers, the development of farming tools and machineries, the use of soil conditioner which is a by-product in order to strengthen in security of supplies used in the production process.

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.

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.

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.

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.

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 :

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.

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.

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.

1.4 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 Bio Ethanol 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)

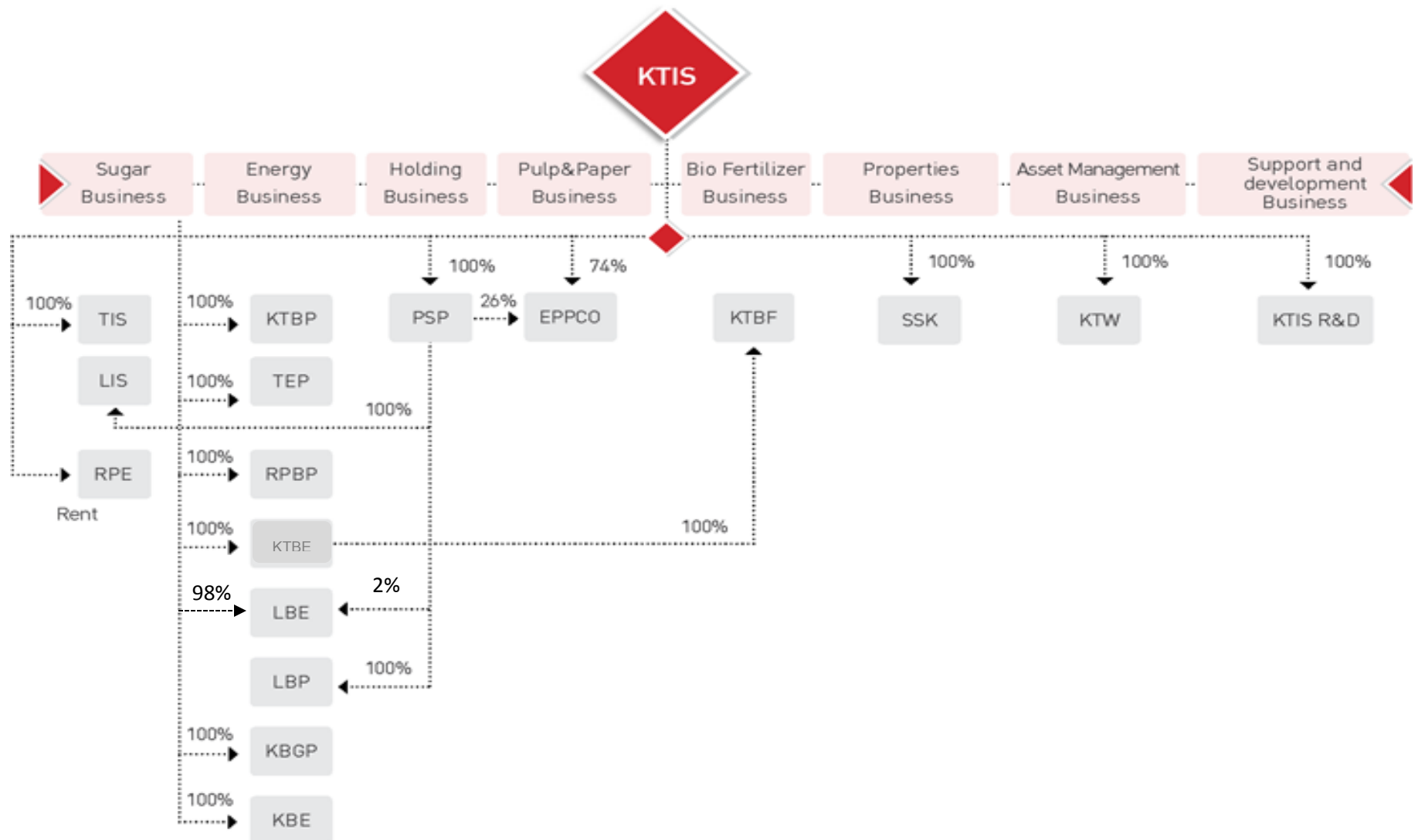
Subsidiary	Type of Business	Shareholding (%)
Thai Identity Sugar Factory Co., Ltd.(TIS)	Sugar production and distribution to domestic and international markets	100.0
KTIS Bioethanol Co., Ltd. (KTBE)	Molasses-based ethanol production and distribution to domestic and international markets	100.0
Environment 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

Subsidiary	Type of Business	Shareholding (%)
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

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

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

Diagram1 : Corporate Business Structure (As at 31 December 2017)



2. Nature of Business
2.1 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	Revenue (MB)	Percentage	Revenue (MB)	Percentage
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.

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) 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.

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 .

(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
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.

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.

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.

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.

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

(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

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		2016		2017	
	(Sales Record)		(Sales Record)		(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	100.0	204,330.62	100.0	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

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.

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
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

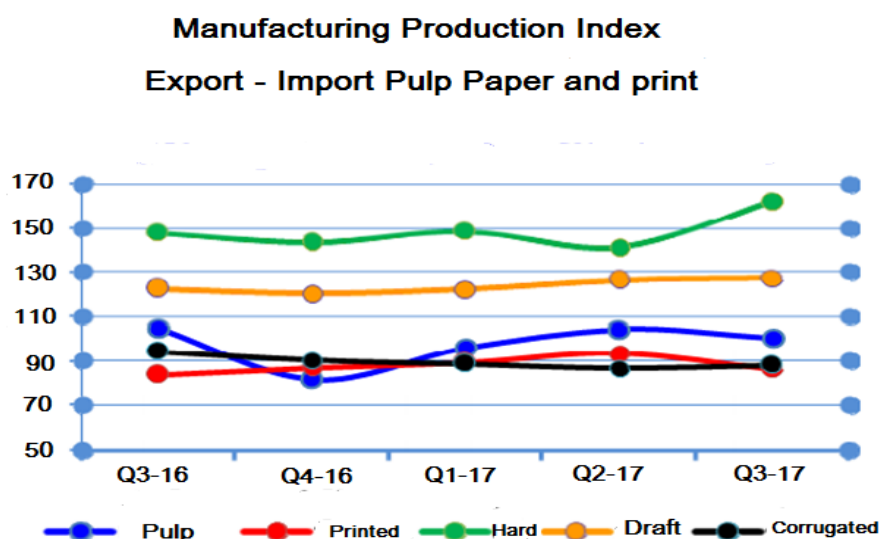
When compared to Q2/2017 It showed that the production index of cardboard, Kraft paper, and corrugated paper increased 14.82, 0.70, and 1.87 percent respectively and compared to the same period of previous year, the production index of writing paper, cardboard, and Kraft paper increased 3.09, 9.90, and 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

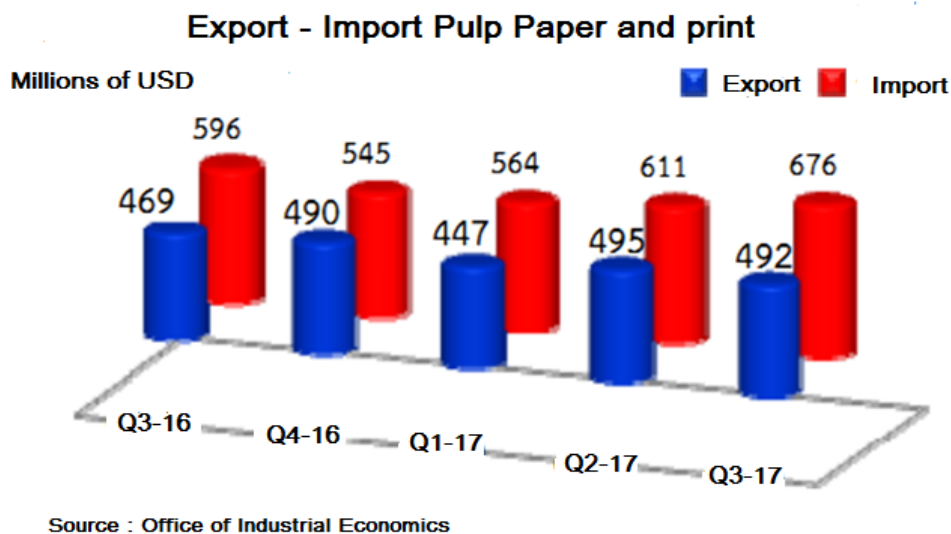
The export value amounted to USD 492.36 million reduced 0.47% from Q2/2017 but increased 4.88% from the same period of previous year due to the increase export of soluble chemical wood pulp to China and Philippine while papers and their products were exported to South Korea and Indonesia. The export 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.



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 aboard 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 aboard.

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

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.

Export Sales

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

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 .

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	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 play 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

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.

operated by TEP and RPBP 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 RPBP (Phase1) has operated and sold electricity to EGAT since March, 2017 while RPBP (Phase2) is expected to operate and sell electricity in 2019.

Electricity : Market and Competition

(1) Domestic Market and Industry

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

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

Alternative Energy Development Plan (AEDP) aims to promote the renewable and alternative energy development in each zone to maximize their potentials. Over the past years, the growth of renewable energy looked well from the support by the Government sector as main factor to encourage the greater consumption of renewable energy to replace fossil fuel at least 20 percent. 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 Region	purchase volume	20 MW
Bangkok Metropolitan	purchase volume	15 MW
Western Region	purchase volume	20 MW
Eastern Region	purchase volume	20 MW
Southern Region	purchase volume	65 MW
Phuket Province	purchase volume	20 MW
Samui Island, Surat Thani Province	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 %
Total	42,433.25 MW	

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-)
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	2446.12	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	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	3074.28
Large hydro	MW	2,906.40	-	-	-	2,906.40	2,906.40	2906.40
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
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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) 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)

3. 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.



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.

4. Assets for Business Operations
4.1 Core Operating Assets of the company and its subsidiaries

As of December 31, 2017, the company and its subsidiaries have core operating assets, as followings:

Items	Net Book Value (THB Million)	Ownership	Encumbrance
1.Land and land improvement 9,139 rai 1 Ngan 46.37 square wah.	336.95	owner	partly as Collateral Loan
2.Building and buildings improvements	1,856.71	owner	partly as Collateral Loan
3.Machinery and tooling	6,655.01	owner	Partly as Collateral Loan
4.Motor Vehicles	133.28	owner	Partly as Collateral Loan
5.Furniture, fixtures and office equipment	37.64	owner	-
6.Motor vehicles	588.12	owner	-
7.Assets under installation	906.23	owner	-
Total	10,513.94		

Note Items 1-4 are partly as collateral with the financial institutions for short and long term loans.

Intangible assets

Asset	Objective
Computer software	Computer program for work, which includes accounting software program, farmland record and sugar production, etc.

Trademarks

Trademark	Objective	Registration Date
	For refined sugar, sugar and raw sugar.	27 February 2013

Promotion privileges

By virtue of provisions of the Industrial Investment Promotion act of B.E. 2520, the subsidiaries were granted privileges by the Board of Investment which included exemption from payment of income tax for certain operations. The details of each privilege are as follows:

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 fertilizers or organic fertilizers	Electricity generating and stream production from biomass	Packaging for foods (Biodegradable)	Electricity generating and stream production from biomass	Biogas
3. The significant privileges are 3.1Exemption 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	8 years	8 years	8 years	8 years	8 years	8 years	8 years

3.2A 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.	Received	Received	Not received	Received	Not received	Received	Not received
4.Date of first earning operation income	14-Oct-04	7-Oct-13	Not yet Commence	7-Jul-16	31-Oct-16	26-May-17	Not yet Commence

4.2 Policy on Investment in Subsidiaries and Associate Companies

It is the Company's policy to invest only in businesses that are related to its core business and are beneficial to or support for the business operations of the Company in order to capture new sources of revenue and leverage its profitability. The Company will nominate an appropriate proportion of its representative directors to the boards of its subsidiaries or associate companies to oversee and steer their businesses towards the right direction and the best benefits of the Company.

5. Legal Dispute

As of December 31, 2017, the Company and its subsidiary had dispute which Lawsuit regarding the request for the repayment from the Sugarcane and Sugar Committee and the Sugarcane and Sugar Fund. According to the Sugarcane and Sugar Act B.E. 2527 (the "**Act**"), the sugar factory is required to contribute an equal amount of the differences between the net income and the final cane price combined with the final cost of the sugar's production and distribution to the Sugarcane and Sugar Fund (the "**Fund**") as prescribed by the Sugarcane and Sugar Committee (the "**Committee**") (which is called the Fund for Stability Maintenance of Sugarcane and Sugar Industry). The Company, therefore, has submitted the Fund for Stability Maintenance of Sugarcane and Sugar Industry from the production season 2007/2008 to 2013/2014 inclusive. Also, the Thai Identity Sugar Factory Co., Ltd. (the "**Subsidiary**") has submitted the Fund for Stability Maintenance of Sugarcane and Sugar Industry from the production season 1998/1999 to 2013/2014 inclusive.

Later, the Company has considered the situation in legal aspect and found that the money demanded by the Committee at the fixed rate was not in conformity with the Act, thus, the Fund has no right to receive such contribution. Therefore, on 11 September 2017, the Company and the Subsidiary filed a complaint against the Committee and the Fund at the Supreme Administrative Court for preservation of the Company and the Subsidiary's right as the black case no. 1463/2560 and 1464/2560 respectively by requesting the amount which is not considered as the Fund for Stability Maintenance of Sugarcane and Sugar according to Section 27 (3) of the Act to be returned in the total of THB 544,527,508.65 and THB 379,579,218.84 respectively in total THB 924,106,727.49.

6. General Information and Other Information
6.1 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	: www.ktisgroup.com
Company Secretary	: Mr.Suchart Pipatanachaiyapong Tel. (66) 2692-0869 to 73 ext. 176
Investor Relations and Corporate Communications	: Ms.Monathy Ploisook Tel. (66) 2692-0869 to 73 ext. 193 ext. 26
E-mail	: ir@ktisgroup.com
Registered capital	: 3,888,000,010 Baht
Paid up Registered Capital	: 3,860,000,010 Baht

6.2 Subsidiary Information

Sugar Business:	Thai Identity Sugar Factory Co., Ltd.
Business Type:	Production and distribution of sugar
Registered Share Capital	1,215,000,000 Baht
Paid-up Share Capital	1,215,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73
Factory:	42/1 Moo 8 Ban Hardsuatan, Kungtapao Sub-District, Muang District, Uttaradit Province Telephone (66) 5544-9010 to1, (66) 5540-7241to5

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

Energy Business:	Kaset Thai Bio Power Co., Ltd.
Business Type:	Production and distribution of electricity
Registered Share Capital	1,260,000,000 Baht
Paid-up Share Capital	1,260,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73
Factory:	555 Moo 14 Nong Pho Sub-District, Taklee District, Nakhonsawan Province Telephone (66) 56-338-123 to 5

Energy Business:	Ruamphol Bio Power Co.,Ltd
Business Type:	Production and distribution of electricity
Registered Share Capital	395,000,000 Baht
Paid-up Share Capital	395,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73
Factory:	77/77 Moo 7 Banmakhua Sub-District, Muang District, Nakhonsawan Province Telephone (66) 56-338-123 to 5

Energy Business:	Thaiekaluck Power Co.,Ltd
Business Type:	Production and distribution of electricity
Registered Share Capital	350,000,000 Baht
Paid-up Share Capital	350,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73
Factory:	42/2 Moo 8 Ban Hardsuatan, Kungtapao Sub-District, Muang District, Uttaradit Province Telephone (66) 2692-0869 to 73

Energy Business:	Lopburi Biopower Co.,Ltd
Business Type:	Production and distribution of electricity
Registered Share Capital	2,000,000 Baht
Paid-up Share Capital	2,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

Energy Business:	KTIS Biogas Power Co.,Ltd
Business Type:	Production and distribution of electricity
Registered Share Capital	1,000,000 Baht
Paid-up Share Capital	1,000,000 Baht
Head office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

Paper Pulp Business:	Environment Pulp and Paper Co., Ltd.
Business Type:	Production and distribution of bleached paper pulp
Registered Share Capital	2,400,000,000 Baht
Paid-up Share Capital	2,400,000,000 Baht
BKK office:	(1) 24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73
	(2) 133 Vibhavadi Rangsit Rd., Samsennai, Phayathai, Bangkok Telephone (66) 2692-0869 to 73
Factory:	9/9 Moo 1 Attavipach Rd., Nong Pho Sub-District, Taklee District, Nakhonsawan Province Telephone (66) 2247-0920

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

Energy Business:	KTIS Bio Energy Co.,Ltd
Business Type:	Production and distribution of ethanol
Registered Share Capital	20,000,000 Baht
Paid-up Share Capital	20,000,000 Baht
BKK office:	24 Aekphol Bldg., Vibhavadi Rangsit Rd., Din Daeng, Din Daeng, Bangkok Telephone (66) 2692-0869 to 73

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
BKK 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

6.3 Other References

SEC	Securities and Exchange Commission, Thailand 333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand Telephone: (66) 2695-9999 Facimile : (66) 2695-9660 Email: info@sec.or.th website : www.sec.or.th
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SET	The Stock Exchange of Thailand 93 Ratchadapisek Road., Dindaeng, Bangkok 10400, Thailand. Telephone: (66) 2009-9000 Facimile: (66) 2009-9991 SET Contact Center : (66) 2009-9999 Email: SETCallCenter@set.or.th webset : www.set.or.th
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Registrar	Thailand Securities Depository Co., Ltd. 93 Ratchadapisek Road., Dindaeng, Bangkok 10400, Thailand. Telephone: (66) 2009-9000 Facimile: (66) 2009-9991 SET Contact Center : (66) 2009-9999 Email: SETContactCenter@set.or.th webset : www.set.or.th/tsd
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Legal Advisor	Kudan and Partners Co.,Ltd 127 Gaysorn Tower, 23 th Floor, Unit Ratchdamri Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand Telephone: (66) 2838-1750 Facimile: (66) 2838-1795