

Part 3

Financial Position and Operating Performance

13. Financial Information**13.1 Summary of the audit reports over the past three years**

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

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

Financial Statements as at 31 December, 2015.
Prasit Yuengsrikul
Certified Public Accountant (Thailand) No. 4174
PricewaterhouseCoopers ABAS Ltd.

Financial Statements as at 31 December, 2016.
Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970
EY Office Ltd.

Financial Statements as at 31 December, 2017.
Sumalee Reewarabandith
Certified Public Accountant (Thailand) No. 3970
EY Office Ltd.

2. Auditor's Reports for three years.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Auditor's opinion for financial statements as at 31 December 2016

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Auditor's opinion for financial statements as at 31 December 2017

I have audited the accompanying consolidated financial statements of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kaset Thai International Sugar Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaset Thai International Sugar Corporation Public Company Limited and its subsidiaries and of Kaset Thai International Sugar Corporation Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

	For the year end					
	31Dec 2015 Consolidated		31Dec 2016 Consolidated		31Dec 2017 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Current assets						
Cash and cash equivalents	346.73	1.84	339.43	2.11	329.66	1.85
Trade and other receivables	1,175.59	6.26	688.90	4.29	596.86	3.35
Planter receivables	431.47	2.30	555.99	3.46	563.82	3.16
Inventories	2,914.63	15.51	1,861.17	11.59	4,047.46	22.72
Biological assets	16.53	0.09	29.65	0.18	27.49	0.15
Factory overhaul costs	578.78	3.08	645.68	4.02	602.89	3.38
Other current assets	114.28	0.61	96.87	0.60	32.69	0.18
Total current assets	5,578.01	29.68	4,217.68	26.27	6,200.87	34.80
Non-current assets						
Other long-term investments	0.39	0.00	0.39	0.00	0.39	0.00
Amounts due from the Office of the Cane and Sugar Fund	798.05	4.25	-	-	-	-
Investment properties	323.18	1.72	328.71	2.05	321.05	1.80
Property, plant and equipment	11,345.66	60.37	10,851.09	67.60	10,513.94	59.01
Intangible assets	300.77	1.60	296.79	1.85	284.19	1.60
Deferred tax assets	242.39	1.29	187.91	1.17	297.79	1.67
Other non-current assets	204.75	1.09	169.74	1.06	197.89	1.11
Total non-current assets	13,215.20	70.32	11,834.64	73.73	11,615.26	65.20
Total assets	18,793.21	100.00	16,052.32	100.00	17,816.13	100.00

Remark 1-Percentage of Total Assets

Financial Statement (Continued)

	For the year end					
	31Dec 2015 Consolidated		31Dec 2016 Consolidated		31Dec 2017 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	1,922.01	10.23	1,066.54	6.64	2,365.60	13.28
Trade and other payables						
Short-term loans from related parties	2,207.99	11.75	1,894.59	11.80	2,440.39	13.70
Current portion of liabilities under finance lease agreements	6.34	0.03	7.04	0.04	7.82	0.04
Current portion of long-term loans from financial institutions	631.89	3.36	503.60	3.14	498.35	2.80
Current portion of long-term loans from related party	4.85	0.03	4.85	0.03	4.85	0.03
Current portion of long-term loans from the Office of the Cane and Sugar Fund	53.80	0.29	63.29	0.39	121.60	0.68
Income tax payable	0.76	0.00	35.54	0.22	61.81	0.35
Other current liabilities	121.23	0.65	67.45	0.42	83.43	0.47
Total current liabilities	4,948.89	26.33	3,642.92	22.69	5,583.86	31.34
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion	805.96	4.29	798.92	4.98	791.10	4.44
Long-term loans from financial institutions - net of current portion	3,248.87	17.29	2,745.27	17.10	2,246.91	12.61
Long-term loans from related party - net of current portion	82.45	0.44	77.60	0.48	72.75	0.41
Long-term loans from the Office of the Cane and Sugar Fund - net of current portion	145.20	0.77	82.71	0.52	108.20	0.61
Provision for long-term employee benefits	260.94	1.39	295.09	1.84	333.16	1.87
Provision for decommissioning costs	10.47	0.06	19.98	0.12	29.36	0.16
Other non-current liabilities	597.98	3.18	568.32	3.54	538.64	3.02
Total non-current liabilities	5,151.87	27.41	4,587.89	28.58	4,120.12	23.13
Total liabilities	10,100.76	53.75	8,230.80	51.27	9,703.98	54.47

Remark 1 - Percentage of total liabilities and shareholders' equity

	For the year end					
	31Dec 2015 Consolidated		31Dec 2016 Consolidated		31Dec 2017 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Shareholders' equity						
Share capital						
Registered						
3,888,000,010 ordinary shares of Baht 1 each	3,888.00	20.69	3,888.00	24.22	3,888.00	21.82
Issued and fully paid up						
3,860,000,010 ordinary shares of Baht 1 each	3,860.00	20.54	3,860.00	24.05	3,860.00	21.67
Share premium	5,202.88	27.68	5,202.88	32.41	5,202.88	29.20
Capital deficit from business combination under common control	(3,577.17)	(19.03)	(3,577.17)	(22.28)	(3,577.17)	(20.08)
Capital surplus on share-based payment	48.20	0.26	92.69	0.58	137.17	0.77
Retained earnings						
Appropriated - statutory reserve	245.19	1.30	256.44	1.60	289.75	1.63
Unappropriated	2,913.35	15.50	1,986.67	12.38	2,199.51	12.35
Total shareholders' equity	8,692.46	46.25	7,821.51	48.73	8,112.14	45.53
Total liabilities and shareholders' equity	18,793.21	100.00	16,052.32	100.00	17,816.12	100.00

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

Financial Statement (Continued)

	For the year end					
	31Dec 2015 Consolidated		31Dec 2016 Consolidated		31Dec 2017 Consolidated	
	Million Baht	Percentage ¹	Million Baht	Percentage ¹	Million Baht	Percentage ¹
Sales and services income	19,328.22	100.00	15,005.63	100.00	17,524.64	100.00
Cost of sales and services	14,854.15	76.85	12,168.71	81.09	14,270.95	81.43
Gross Profit	4,474.07	23.15	2,836.92	18.91	3,253.69	18.57
Other income	115.69	0.60	80.96	0.54	668.39	3.81
Selling expenses	1,939.73	10.04	1,583.39	10.55	1,493.76	8.52
Administrative expenses	1,422.45	7.36	1,288.28	8.59	1,448.21	8.26
Loss on exchange	172.90	149.45	117.55	145.20	-	-
Finance cost	372.93	1.93	316.96	2.11	332.93	1.90
Profit (loss) before income tax expenses	681.73	3.53	(388.30)	(2.59)	647.17	3.69
Income tax benefits (expenses)	48.22	0.25	(124.23)	(0.83)	(1.68)	(0.01)
Profit (loss) for the year	729.95	3.78	(512.53)	(3.42)	645.49	3.68
Earnings per share						
Basic earnings (loss) per share	0.19		(0.13)		0.17	

Remark 1- Percentage of revenue from sales to service.

Cash flows

	For the year end		
	31Dec 2015	31Dec 2016	31Dec 2017
	Consolidated	Consolidated	Consolidated
Cash flows from operating activities			
Profit (loss) before tax	681.73	(388.30)	647.17
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	940.61	1,142.27	1,269.22
Gain on realised discount from transferring right of planter receivables	(9.41)	(14.15)	(5.71)
Allowance for doubtful accounts	3.25	20.04	58.94
Reduction cost of inventory to net realisable value (reversal)	179.86	(176.18)	461.43
Loss (Gain) arising from change in fair value of biological assets	-	(4.23)	(3.51)
Unrealised loss on exchange	27.52	1.27	(5.97)
Loss on impairment of investment properties (reversal)	1.95	(1.28)	7.80
Loss on impairment of property plant and equipment	72.39	31.57	9.28
Loss on sales of investment properties	-	0.20	-
Gain on sales of plant and equipment	(13.51)	(15.39)	(11.01)
Loss on write-off of equipment	10.82	0.24	0.01
Long-term employee benefits expenses	24.82	21.03	29.50
Share-based payment	44.49	44.49	44.49
Interest income	(30.41)	(21.36)	(35.65)
Interest expense	372.93	316.96	332.93
Profit (loss) from operating activities before changes in operating assets and liabilities	2,084.66	957.18	2,798.90

Cash flows (Continued)

	For the year end		
	31Dec 2015	31Dec 2016	31Dec 2017
	Consolidated	Consolidated	Consolidated
Profit (loss) from operating activities before changes in operating assets and liabilities	2,084.66	957.18	2,798.90
Trade and other receivables	(304.90)	486.60	91.97
Planter receivables	93.52	(131.76)	(88.57)
Inventories	1,751.21	1,229.64	(2,647.72)
Biological assets	-	(8.89)	5.67
Other current assets	32.90	(48.32)	107.89
Amounts due from the Office of the Cane and Sugar Fund	(558.66)	798.05	-
Other non-current assets	(86.67)	35.01	(28.15)
Trade and other payables	(794.45)	(344.90)	612.51
Other current liabilities	37.15	(53.86)	15.95
Cash paid for long-term employee benefits	(15.07)	(8.01)	(8.11)
Cash flows from operating activities	2,239.70	2,910.74	860.35
Cash paid for interest expenses	(239.51)	(217.43)	(262.91)
Cash paid for income tax	(97.40)	(31.89)	(82.88)
Net cash flows from operating activities	1,902.78	2,661.42	514.57

Cash flows (Continued)

	For the year end		
	31Dec 2015	31Dec 2016	31Dec 2017
	Consolidated	Consolidated	Consolidated
Cash flows from investing activities			
Decrease in restricted bank deposits	10.02	-	-
Proceed from sales of short-term investments	0.97	-	-
Acquisition of property, plant and equipment	(2,308.07)	(506.25)	(847.35)
Capitalised interest of plant and equipment	(40.81)	(24.57)	(3.46)
Proceed from sales of equipment	17.56	16.99	45.68
Cash paid for payable from purchases of property, plant and equipment	-	(98.54)	(131.41)
Acquisition of intangible assets	(77.10)	(5.89)	(6.61)
Acquisition of investment properties	(19.15)	(3.26)	-
Proceed from sales of investment properties	-	0.10	-
Interest income	30.41	21.37	35.66
Net cash flows from (used in) investing activities	(2,386.17)	(600.06)	(907.48)

Cash flows (Continued)

	For the year end		
	31Dec 2015	31Dec 2016	31Dec 2017
	Consolidated	Consolidated	Consolidated
Cash flows from financing activities			
Increase(Decrease) in bank overdrafts and short-term loans from financial institutions	(723.63)	(891.57)	1,294.56
Decrease in short-term loans from related parties	(682.00)	-	-
Decrease in long-term loans from financial institutions	2,195.90	(634.05)	(505.52)
Decrease in long-term loans from related party	(4.85)	(4.85)	(4.85)
Increase (decrease) in long-term loans from the Office of Cane and Sugar Fund	7.13	(56.56)	80.62
Payment of liabilities under finance lease agreements	(95.70)	(95.70)	(95.70)
Dividend paid	(694.80)	(385.92)	(385.97)
Net cash flows from (used in) financing activities	2.05	(2,068.66)	383.15
Net increase (decrease) in cash and cash equivalents	(481.34)	(7.30)	(9.76)
Cash and cash equivalents at beginning of year	828.07	346.73	339.43
Cash and cash equivalents at end of year	346.73	339.43	329.66

Financial Ratios

		Unit	For the year end		
			31Dec 2015	31Dec 2016	31Dec 2017
			Consolidated	Consolidated	Consolidated
Liquidity Ratio					
	Current Ratio	Times	1.13	1.16	1.11
	Quick ratio	Times	0.31	0.28	0.17
	Operating Cash Flow Ratio	Times	0.31	0.62	0.11
	Accounts receivable turnover ratio	Times	14.74	16.10	27.26
	Average Collection Period	Days	24.76	22.68	13.39
	Inventory Turnover	Times	3.83	5.10	4.83
	Average Sale (Inventory) Period	Days	95.34	71.62	75.56
	Account Payable Turnover	Times	5.67	5.93	6.58
	Average Payment Period	Days	64.39	61.53	55.44
	Cash Cycle	Days	55.71	32.77	33.51
Profitability Ratio					
	Gross Profit Margin	%	23.15	18.91	18.57
	Operating Profit Margin	%	4.86	-1.01	1.78
	Net Profit Margin	%	3.78	-3.42	3.68
	Return on Equity	%	8.46	-6.21	8.10

Remark The formula used by SET

Financial Ratios (Continued)

		Unit	For the year end		
			31Dec 2015	31Dec 2016	31Dec 2017
			Consolidated	Consolidated	Consolidated
Efficiency Ratio					
	Return on Asset	%	5.63	-0.41	5.79
	Return on Fixed Assets	%	9.85	-0.64	9.17
	Total Asset Turnover	Times	1.04	0.87	1.07
	Fixed Asset Turnover	Times	1.82	1.36	1.70
Financial Policy Ratio					
	D/E Ratio	Times	1.16	1.05	1.20
	Interest Coverage Ratio	Times	2.83	-0.23	2.94
	Dividend Payout 3	%	52.88	N/A	89.70

Remark The formula used by SET

14. Management Discussion and Analysis
Business performance summary in 2017

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

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

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

Source: Office of the Cane and Sugar Board.

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

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

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

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

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

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

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

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

Income statements analysis

Income	2016 (million Baht)	2017 (million Baht)	Change (million Baht)	Change %
Revenue from the sales and services.	15,005.6	17,524.6	2,519.0	16.8%
Sugar business	11,353.0	13,504.6	2,151.6	19.0%
Revenue from sale of sugar	10,888.3	13,062.1	2,173.7	20.0%
Revenue from sale of molasses.	447.7	442.6	(5.1)	-1.1%
Compensation for sugar production and distribution	17.0	-	(17.0)	(100%)
Subsidiaries business	3,652.6	4,020.0	367.4	10.1%
Revenue from sale of bagasse bleached pulp	896.1	1,260.8	364.6	40.7%
Revenue from sales of Ethanol	1,634.4	1,654.2	19.7	1.2%
Revenue from sales of electricity	699.6	583.7	(115.9)	(16.6)%
other	422.5	521.4	98.9	23.4%
Other income	90.6	668.4	577.8	637.9%
Total income	15,096.2	18,193.0	3,096.8	20.5%

Source: company financial information

▪ Total revenues

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

Sugar business

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

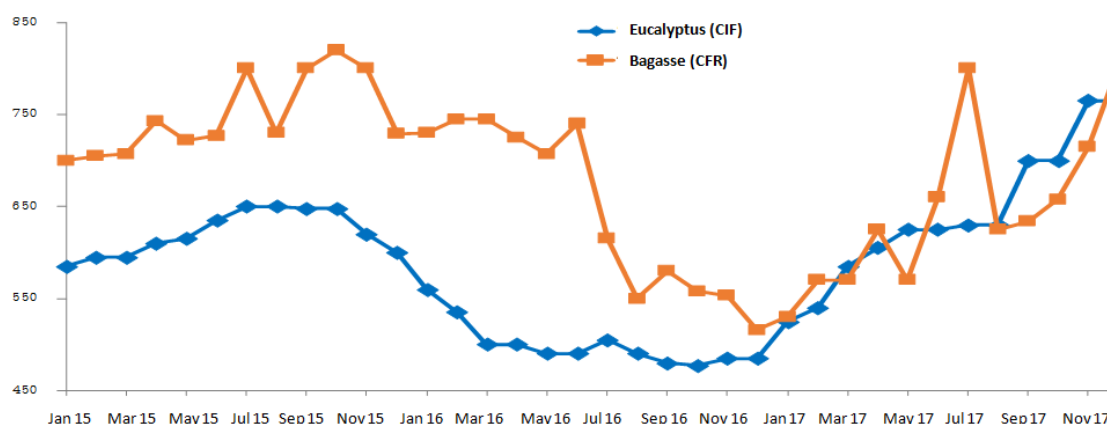
- In 2017, both domestic and export sugar sales volume increased 41,698.9 tons or 5.5% from 2016 due to higher cane volume and quality for sugar production in 2017 so the sugar volume increased more than last year.
- Sugar average domestic selling price in 2017 was the same as 2016 which was under Government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

Subsidiaries business

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

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

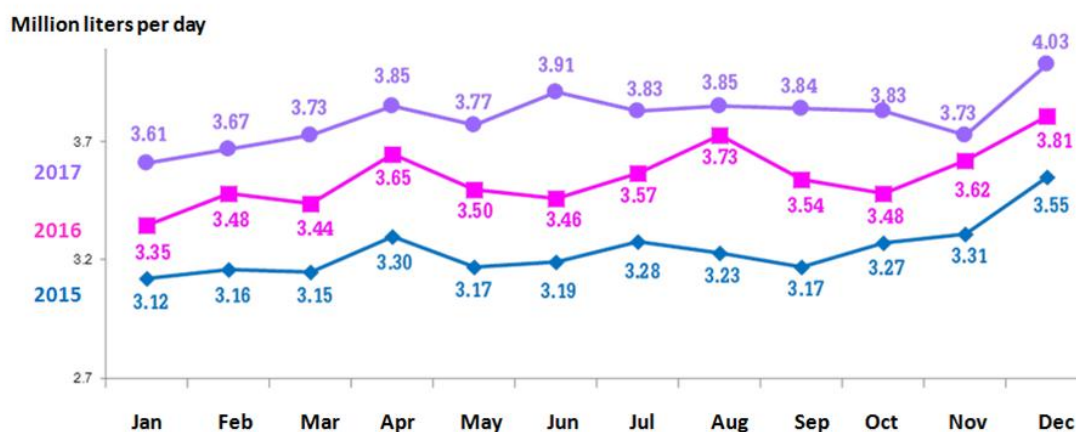
- Sales volume of bagasse bleached pulp in 2017 and 2016 were 63,497.2 tons and 40,985.3 tons respectively, increased 54.9 %. The domestic sale and export sale volumes increased because the recovery of global economy caused the pulp users paid more attention to environment oriented and government sectors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

Table: Average bagasse bleached pulp price in 3 years


Source: RISI and Company

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

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

Table: Average consumption in 3 years


Source: Ministry Of Energy

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

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

Other income

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

Cost of sales and services, and gross profit margin.

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

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

Income	2016 (million Baht)	2017 (million Baht)	Change (million Baht)	Change percent
Revenues from sales and services.	15,005.6	17,524.6	2,519.0	16.8%
Sugar business	11,353.0	13,504.6	2,151.6	19.0%
Subsidiaries business	3,652.6	4,020.0	367.4	10.1%
Cost of sales and services	12,168.7	14,271.0	2,102.2	17.3%
Sugar business	9,406.3	11,320.3	1,914.0	20.3%
Subsidiaries business	2,762.4	2,950.6	188.2	6.8%
Gross profit	2,836.9	3,253.7	416.8	14.7%
Sugar business	1,946.7	2,184.3	237.6	12.2%
Subsidiaries business	890.2	1,069.4	179.2	20.1%
Gross Profit margin	18.9%	18.6%		-0.3%
Sugar business	17.1%	16.2%		-1.0%
Subsidiaries business	24.4%	26.6%		2.2%

Source: Company financial information

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

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

Gross profit from subsidiaries business

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

Selling and administrative expenses

Selling and administrative expenses in 2017 was Baht 2,941.9 million, increased 2.4% from Baht 2,871.7 million in

2016 resulted from expenses increased i.e. personnel expenses, sugar transportation expenses and allowance for doubtful accounts and bad debts etc.

The financial cost.

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

Net profit and net profit margin

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

Analysis of the financial position(Consolidated)

Assets

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

- Current assets was Baht 6,200.9 million, increased Baht 1,983.2 million or 47.0 % from Baht 4,217.7 million in 2016. The main reason was
 - Inventories was Baht 4,047.5 million increased from Baht 2,186.3 million in 2016 due to the product stocks increased Baht 2,188.5 million.
- Non-current assets was Baht 11,615.3 million, decreased Baht 219.4 million or 1.90% from Baht 11,834.6 million in 2016. The main reasons was
 - Property, plant and equipment, net decreased Baht 337.2 million from depreciation expenses.(details in Notes to financial statements item 15)

Liabilities

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

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

Shareholders' equity

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

The liquidity and adequacy of funds

The company has developed the relation and cooperation with many financial institutions into strategic partners for business supporting and growing. In the past period, the Company and financial institutions cooperated jointly for the development of financial products and services, such as Integrated Cash Management services, Electronic Discounted Checks etc. The Company obtains confidence and good financial liquidity from our financial institutions for business operation and future project investments.

Cash flows from operating activities

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

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

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

Financial liquidity

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

The Company and financial situations cooperated to develop Integrated Cash management system in order that the daily excess cash will be paid automatically to repay bank credit. In case of cash requirement, the Company could get cash from Bank overdraft automatically. Such system saves the financial cost. At the same time, we also get alternative working capitals from financial markets by issuing short term Bills of Exchange. These ensure strong financial liquidity of the Company with reasonable financial costs and increase the potentials in business competition.

Capital Structure, Sources and Uses of Funds

The Company has the policy for suitable Capital Structure in order to support the operations and increase the share value of its shareholder upon financial risk protections.

In 2017, the company restructured the financial loans between short term loans and long term loans as a whole in order to increase liquidity ratio and reduce financial cost by applying for the long term loan Baht 4,000 million to reduce short term debts of the Company and increase the registered capital in subsidiary companies for their financial liquidity, reduced high financial cost loans and repayment for short term debts. The Company switched the interest rate from floating rate to be fixed rate so that the interest rate risk was managed and financial cost could be controlled. In 2017 Net Long term loan after deducting current portion of long-term loans was Baht 2,246.9 million

Debt to equity ratio was 1.20 times increased from 1.05 times in 2016. The ratio did not pose a significant risk to the company. The Company could increase financial leverage for operation and future investment opportunity.

Investing and Financing activities

In 2017, the Company Net Investing activities was Baht 907.5 million as its normal working capital, mostly in operation machinery improvement to increase production efficiency. The Company invested in two 50 MWH Bio electricity projects and Liquid Sucrose and Super refined sugar project according to the objectives in Initial Public Offering (IPO). All three projects were commercially operated.

Factors or events that will affect the financial position or operations in the future

The uncertainty in the global economic recovery still exists, especially the political stability of the United States, interest rate policy of the Central Bank of United States which impact Thailand interest rate and its currency against USD.

While Thailand still has a strong International Reserves with continuous good Trade Balance and Current Account Balances as well as large-scale public investment policies, so in 2017 the country economy will be in good direction upon the awareness of external factors.

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

The risk management committee has conducted a review of the risk policy and follow-up risk assessments on a regular basis to ensure that the implementation of the risk management on overall activities are controlled to the appropriate and acceptable level as defined in the section risk factors.