



Khonburi Sugar Public Company Limited

Annual Report 2015



Vision and Mission

Vision

To be a leading organization in cane sugar and bio-energy businesses by integrating human resources, technology and management

Mission

To conduct business with adherence to good corporate governance principal, ethics and responsibility to all the stakeholders. To improve the quality of products, services and processes so as to create higher value-added by innovations and new ideas. To promote the learning to result in the differentiation in the corporation's core competency, which will allow the company to grow rapidly with stability. To change and modernize the organization to be in line with the business environment of the national and global level



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Vision and Mission

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Message from the Chairman and the Chairman of Executive Committee

Dear Shareholders,

2015 was another challenging year for the Thai cane and sugar industry as the world market price of sugar continues to drop. The depreciation of the Brazilian real against the USD (Brazil is the world's largest sugar producer and exporter) and the decrease in crude oil price from over 100 USD per barrel to a mere 30 USD per barrel are the two main macro factors that put great pressure on sugar prices. As a result, sugar price NY#11 that used to range between 13.5-18.3 cents per pound in 2014 has fell to a range of 10.4-15.9 cents per pound, which led to a significant drop in profit from the production of white premium spread sugar. Moreover, the industry also faced drought in many areas, especially in the central and the northeastern regions, which lowered the overall cane quantity. The drop in sugar price also made it more difficult to persuade cane growers to expand their plantation areas. Affected by aforementioned factors, the Company reported a material drop in 2015 operating performances with overall revenue of baht 6,726.6 million and a net loss of baht 50.2 million.



Mr. Suthep Wongvorazathe
Chairman



Mr. Takon Tawintermsup
Chairman of Executive Committee

With respect to the Company's overall business operations in 2015, even though the Thai cane and sugar industry is greatly affected by the aforementioned macro factors, the Board of Directors and the Management are still confident in Thailand's competitive advantages in cane & sugar businesses: to name some - geographical advantage, production efficiency advantage and the ability to expand into the fast-growing bio-energy industry. Therefore, we believe in the promising future of Thai cane and sugar industry with high growth potential in at least 10-15 years to come. Thai government seemed to share the same view as they has the policy to increase cane plantation from 100 million tons per year to 180 million tons per year by (). Moreover, the Office of the Cane and Sugar Board (OCSB) has officially authorized the construction of 12 new sugar mills in January 2016. We are pleased that one of newly approved mill is granted to the Company with a daily capacity of 20,000 tons in Sikhew District, Nakhon Ratchasima province. This expansion is perfectly in line with our business strategies to continuously invest and develop the Company so as to be in better position to seize the growth opportunity with the higher rate and faster pace than that of overall industry average.

In 2015, the Company, in accordance with our ongoing business strategy, has completed the construction of new production line with the daily capacity of 12,000 tons (Project Line C), which greatly improves our overall production capacity to 35,000 tons per day, an increase of 50%. Since being operational on December 12th 2015, Line C has already contributed to the Company's all-time high for daily cane crushing that reached 37,687 tons on January 6th 2016. With the use of diffuser technology on Line C, we expect to see a marked improvement in cane juice extraction efficiency for the upcoming season of 2015/16. The increase in capacity shall allow us to better serve our partnered cane farmers by greatly reducing their wait time at the production line. We believe that this added convenience will be a supporting factor to motivate sugarcane farmers to expand their plantation area.

Moreover, the Company's new initiative regarding the construction of conditioning silo and packing station in August 2015 is expected to be completed by Q1 of

2016. The completion of this project will lead to higher quality of our sugar as we aim to achieve internationally accepted standards and will increase the efficiency of outbound logistics.

With regard to bio-energy industry, the new 35-Megawatt power plant has started its electricity selling to the Electricity Generating Authority of Thailand (EGAT) under the 22-Megawatt firm contract on January 2nd 2015. This contributes to better power stability for us and the Company has enjoyed an increase in electricity sell of approximately baht 430 million as compared to previous year.

In respect to sales and marketing, with the introduction of three new products under KBS brand, namely: refined sugar "KBS First", natural sugar "KBS Brown" and extra sweet sugar "KBS2x Double Sweet" at the end of 2014, the Company has experienced an increase in the market share in general consumer market. The new products were well accepted by the public, which resulted in better brand awareness from consumers.

Regarding Corporate Social Responsibility (CSR), the Company still continuously adheres to CSR-DIW (Corporate Social Responsibility, Department of Industrial Work) which aims to increase the quality of life of our employees and the surrounding communities with different community project initiatives such as the "College in the Plant" project, "Clean Water for Communities" project, the "KBS Good People, Smart People" project, the establishment of "To be number one" and "Smile Library" project.

Lastly, on behalf of the Board of Directors, I would like thank our shareholders, customers, and patrons for their continued confidence and support in the past year. Also, I would like to express a profound gratitude to all employees and executives, who have collaborated and worked hard to develop KBS into a responsible and efficient organization to better meet the demands of consumers in the food and bio-energy industries. The KBS team will continue to work together to apply our knowledge, skills and experiences to strengthen our organization and ready ourselves for the competition to become the leading organization in cane, sugar and bio-energy.

Board of Directors



●
.....
Mr. Suthep Wongvorazathe
Chairman

●
.....
Mr. Takon Tawintermsup
Chairman of
Executive Committee

●
.....
Mr. Issara Twiltermsup
Director and
Executive Director

●
.....
Mr. Tat Wanakornkul
Director and
Managing Director

●
.....
Mr. Somkiat Twiltermsup
Director and
Executive Director

●
.....
Mr. Sran Smutkochorn
Independent Director



Dr. Tawatchai Nakhata
Independent Director

Ms. Suvimol Krittayakiern
Chairman
of Audit Committee

Mr. Voravit Rojrapitada
Audit Committee and
Independent Director

Mr. Amnart Rumpoeypong
Director

Mr. Suwat Summasshipvitsavakul
Audit Committee and
Independent Director

Management Team



●
.....
Mr. Somkiat Twiltermsup
Deputy Managing Director
of Marketing

●
.....
Mr. Wichai Kotaratititam
Deputy Managing Director
of Raw Material

●
.....
Mr. Rangsang Tawintermsup
Assistant Managing Director
of Supply Chain

●
.....
Mr. Issara Twiltermsup
Assistant Managing Director
of Corporate Affairs

●
.....
Mr. Tat Wanakornkul
Managing Director

●
.....
Ms. Pornpun Boonchaisri
Assistant Managing Director
of Accounting & Finance



Mr. Thien Keawpradub
Power Plant Director

Mr. Dumrong Putiput
Technical and
Project Director

Mr. Thanthit Kasemsup
Business Development
Director


Mr. Rathavudh Saetang
Sale and Marketing
Director

Ms. Surawee Puangthong
Senior Finance Manager

Mr. Mongkhon Artsavatumnant
Accounting Manager


Business Highlights

Cane crush 2.28 Million Tons




2.28
Million Tons

Contract Farmer 5,000 contracts




5,000
Contracts

Crushing Unit 35,000 Tons / Day



35,000
Tons / Day


Refined Capacity 1,200 Tons / Day



1,200
Tons / Day

Power Plant

23 MW 35 MW






58
MW

Power Purchased Agreement

non Firm
8 MW

non Firm
8 MW

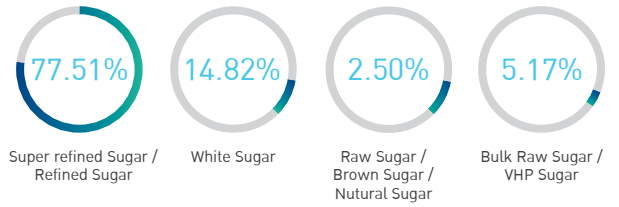
Firm
22 MW

Sales by Geographic

Sugar selling proportion of year 2014/2015					
Sugar for export			Sugar for domestic sale		
75%			25%		
Asia	Africa	Regional	Shopping mall (OEM)	Industry	Distributor
55%	10%	10%	10%	10%	5%

Sales by Sugar Type



KBS Brand



International Customers



Domestic Customer



Financial Highlights



Key Financial Highlight

2013

2014

2015

Financial Status (THB mm.)

Cash and Cash Equivalents	747	302	82
Total Assets	5,933	7,727	10,069
Total Liabilities	2,502	3,622	6,098
Total Shareholders' Equity	3,431	4,105	3,971

Operating Results (THB mm.)

Sale and Service Income	5,904	6,180	6,604
Total Revenues	5,972	6,305	6,727
Cost of Sales and Services	4,793	5,266	6,035
Selling and Administrative Expenses	479	593	646
Profit (Loss) before Finance Cost and Taxes	648	444	(10.0)
Finance Cost	20	45	98
Net Profit (Loss)	502	319	(50.0)

Financial Ratios

Gross Profit Margin	18.1%	14.8%	8.6%
Net Profit (Loss) Margin	8.4%	5.1%	(0.8%)
Return on Asset (ROA)	9.8%	4.7%	(0.5%)
Return on Equity (ROE)	16.1%	8.5%	(1.3%)
Total Debt per Equity (D/E)	0.7%	0.9	1.5

Value/share (Baht/share)

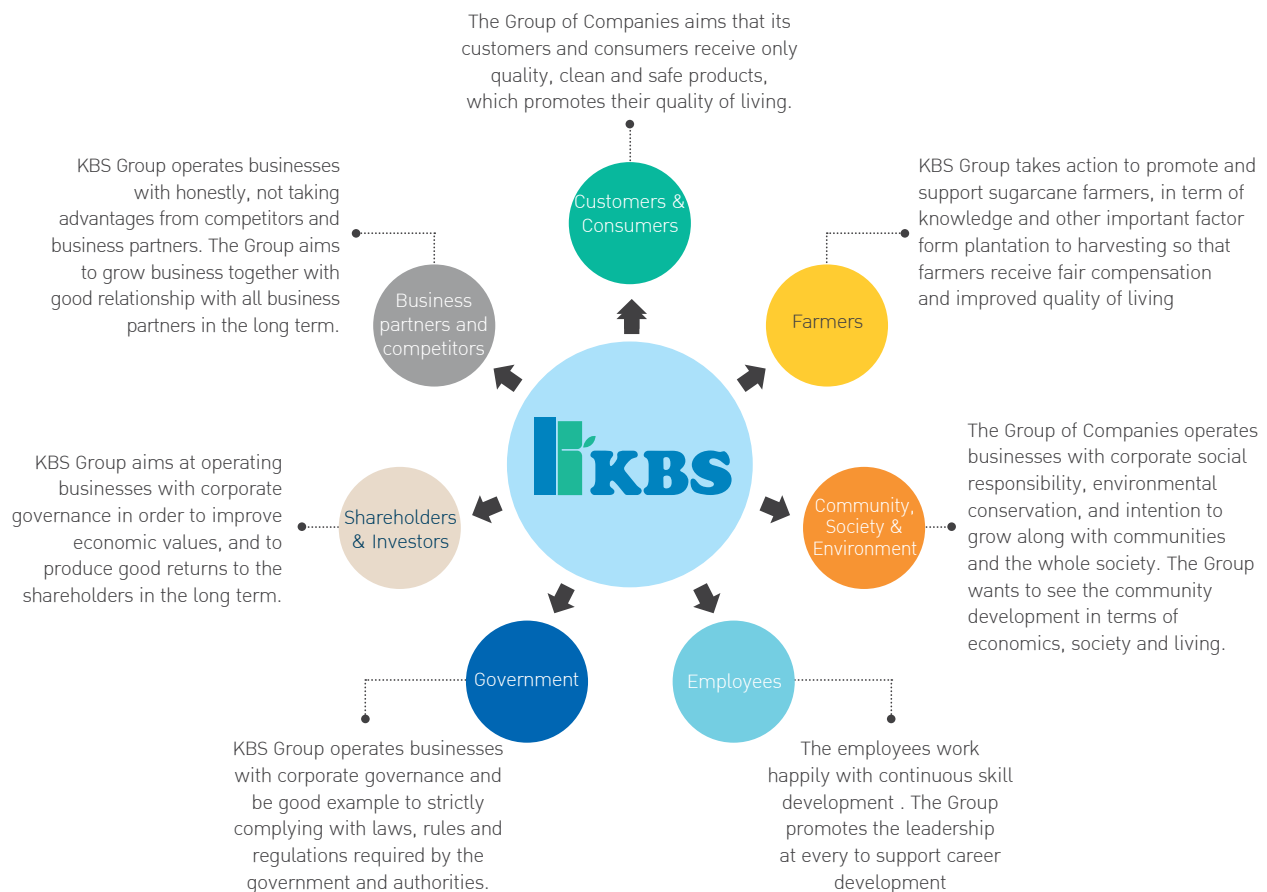
Book Value per Share	6.24	6.84	6.62
Earning (Loss) per Share	0.92	0.56	(0.08)

Corporate Social Responsibility (CSR)

Khonburi Sugar Public Company Limited was founded in 1965 to manufacture and distribute sugar comprehensively. The Company strives to become leading organization in sugar business and other related businesses. Over the past 50 years that we have been operating our business, we have been adhering to our goal to develop various components in holistic manner. We develop production process, products, and services continuously in every steps to add value for our trade partners and customers. We are committed to promote farmers under our care to ensure that they will have higher income and better living condition. We also continue to expand our business to create additional value for the community. In addition, our subsidiary, Khonburi Power Plant Co., Ltd. has initiated 35-megawatt biomass electricity power plant project using bagasses, which are by-products of sugar production, as main raw materials, and the project supplies 22-megawatts of electricity to Electricity Generating Authority of Thailand. This project will generate renewable energy in order to strengthen energy sustainability, which will help propelling the development of local economy later on. Our business operation does not only aim to earn maximum benefit, but we also build our culture of development in sustainable way using several components.

Concept and Framework of Business Operations with the Corporate Social Responsibility

KBS Group Conducts its business with corporate social responsibility (CSR). The principles of corporate social responsibility and corporate governance had been dually taken into consideration a part of our business strategies, with which the satisfaction of all stakeholders, e.g. customer and consumer, farmer, community, society and environment, employee, government, business partner and competitor, and shareholder must be kept in balance.



KBS Group intends to sustain the maximum benefits and values for all stakeholders, not a single group of stakeholders. The goals to be achieved are the organization success and sustainable living in the society. The business operations by KBS Group are in line with the following principles:

1. Operate with transparency and ethics.
2. Respect to human rights, and strictly adhering to benefits of all stakeholders.
3. Act to protect health and safety of consumers, providing and improving quality of our products and services.
4. Promote all related parties to involve in creating and planning.
5. Improve and review environmental impacts to , communities and related persons by regularly complying with requirements, laws and other rules.
6. Create the business growth on the concept of sustainable and stable development.

CSR Activities in 2015

KBS Group carries out the corporate social responsibility on a concept that the business benefits and satisfaction of all stakeholders must be balanced. The Group has conducts the CSR-DIW (Corporate Social Responsibility, Department of Industrial Works) projects. In this regard, the CSR Committee was established, comprising representatives from every main operating department, with duties of promoting, supporting and monitoring the CSR activities to ensure that the CSR concept and practice framework would be undertaken constantly, and respond all related stakeholders thoroughly and equally according to the determined objectives. Another 8 sub-working groups were also established:

1. Corporate Governance Sub committee
2. Human Rights Sub Committee
3. Labor Force Sub Committee
4. Environment Sub Committee
5. Good Business Practice Sub Committee
6. Consumer Sub Committee
7. Community Relation and Development Sub Committee
8. Public Relation Legal and Administration Sub Committee

In 2015, the CSR Working Group has carried on and initiated a number of projects and activities as follows:



“College in Factory” Project

After a dialogue with a group of concerned employees, it was agreed that the “College in Factory” project would be implemented with the objectives to create a new generation of personnel and to give the employees an opportunity to further their study and receive a vocational certificate and vocational diploma. Under an MOU, this project was implemented in collaboration with Pakthongchai Technical College, Nakhon Ratchasima Province, with the goals to enable the employees participating in this project to have skills required to do their jobs effectively and reduce mistakes at work and to be proud of their organization that realized the importance of education of operational staff, which would result in employee engagement and good attitude toward the organization and enable the Company to have the employees with higher educational attainment. There were a total of 48 employees attending this project. In this year, a total of 22 students from the first batch have graduated with a vocational diploma. Later in 2016, there will be more students graduating with the vocational certificate.



“KBS Scholarship” Project

In cooperation with the “Public Relations Network” Working Group, the Company has implemented the “KBS Scholarship” project to provide scholarships to students from a total of 10 schools located in the upper part of Moon River. The schools choose students who have good behaviors and pass an achievement test to receive a total of 80 scholarships, which enable these local children to have a better chance in education. The project has been implemented continuously for four years already with the main objective to help children to have a brighter future. There are many other projects that Khonburi Sugar Public Company Limited has brought to communities, schools, and religious places.



Public Services for Chorakhehin Community

In cooperation with Chorakhehin Sub-district Municipality, local government agencies, community leaders, villagers, and volunteers, the Company has carried out a variety of public benefit activities, including improvement of community canals for farmers, improvement of school pond, construction of layer house over Nile tilapia pond, and home visit to provide nursing care to patients in the community.

Big Cleaning Day Activity

Our company has organized 5S Big Cleaning Day activity and tree planting activity to increase green area. These activities aimed to encourage our employees to participate and recognize the importance of 5S system, improve work environment, keep their workplace clean, free from dirtiness, and stay tidy. These activities brought good physical and emotional health to employees, and enabled them to work more effectively and productively. Furthermore, the activities also promoted good relationship, unity, and good experience among each other. The activities gained well cooperation from our executivesm employees, village headmen, villagers in Khon Buri Tai Sub-district, teachers, and students from Ban Khlong Yang School (Moon Bon Uppatham).

Unity Day Activity

The Company places importance on the campaign in preventing and solving drug problems, and we are ready to respond to the intent of HRH Princess Ubolratana Rajakanya on “becoming number one without relying on drugs”, and we have established To Be Number One - Khonburi Sugar Club aiming to raise awareness and creat a trend that helps preventing and solving drug problems, build and develop network to keep our employees, their families, as well as children and adolescents in the community nearby our factories away from drugs. We also organized Safety Week 2014 activity on the same day. This activity was organized to promote knowledge and awareness on work safety among all employees.



“Smile Library” Project

The project is aimed at providing schools with books and knowledge. It is a part of the Company’s CSR activities in relation to education and long-term development of human resources. In cooperation with Nation International Edutainment PLC, a member of Nation Group, the Company has installed bookshelves and given books to eight schools in Jorakhay Hin Community to encourage children to improve their reading skill and expand their imaginations. The books provided give them both knowledge and entertainment. It is expected that this project will promote learning and create many good things for the community.

Clean Water for Communities Project

For the community-related activities, the “Public Network” Working Group was established for the good relationship between the Company and communities . The dialogues with every community located in the area of 5 kilometers around the sugar mill were held to enable these communities to access to the clean water and better living. The Company and these communities agreed to execute the “Clean Water for Communities” project, which were warmly welcomed by them. In 2012, this project was set up in 4 villages: Cholakaehin Village, Moo 1, 2, 3 and 8 with population of 800 - 1,000 people. This project has continued in 2013 in klong yang village with population of 800 - 1,000 people. We will continue this good projects to explant to other villages in the future

Definitely, this project will continue, and the dialogues with many communities will be done further to select some more villages for this project.

“SWAT CAT” Nakhon Ratchasima FC Club Supporting Activity

The Company has supported “SWAT CAT” Nakhon Ratchasima FC Club, and truly hopes that the team from Nakhon Ratchasima will become natonal leading team during the season of 2015. Strong commitment and dedication to training among SWAT CAT atheletes will inspire adolescents in Mueang District and local communities in Nakhon Ratchasima, as well as other adolescents to become interested in playing soccer or other sports.



“Sweet Sugarcane Day”

In collaboration with Upper Moon River Sugarcane Farmer Association, the Company has organized the annual general meeting or “Sweet Day” exhibition to share information, knowledge, and situations regarding sugarcanes and sugar as well as to encourage farmers to grow sugarcanes for stable and sustainable income.



Blood Donation Project

The Company, in cooperation with Nakhon Ratchasima Blood Donation Center under the Thai Red Cross Society, has organized a project to persuade its employees and people living around the factory to donate blood. The activity is held twice a year and there are not less than 100 people donating blood each time.

Sugarcane Plantations for Sustainable and Secure Income of Sugarcane Farmers

The promotion of sugarcane plantations is one of main duties of KBS Group . The Group promotes and encourages the sugarcane farmers in the communities to grow the sugarcane according to the Company’s concept supportably academic principles, which helps increase the yield and reduce the plantation cost. The Company set up several projects to support the sugarcane farmers. Apart from the financial support (advance loans), micro agricultural stations were set up to allow the Company’s agricultural officers to give good service to the farmers, from the plantation preparation stage to the harvesting and transportation of sugarcane to the sugar mill. The Company sufficiently provided the related tools to boost the farmers’ efficiency; namely, sugarcane varieties, tractor, sugarcane planter, fertilizer, pesticide, sugarcane harvester, truck, etc. In addition, the Company conducted the research and development for sugarcane varieties, and encourages the invention of agricultural machines to get any new ideas for further development in the future. The Company also valued the management and distribution of ideas created by successful farmers so that others could apply such ideas and practice guideline to increase their yield. The farmers were grouped; the good management of agricultural machines and trucks could produce the efficient plantation, harvesting and transport, reduce the cost, and raise the income sustainably. The sugarcane plantation process by the Company’s advice helps improve the farmers’ living and economic status. Finally, the community economy will be strongly improved, which is a part of the social and national development

General Information

Khonburi Sugar Public Company Limited

Nature of Business	:	Sugar Manufacturer and Exporter
Company registration number	:	0107553000191
Registered capital	:	Baht 600,000,000
Paid-up capital	:	Baht 600,000,000
Head Office	:	5 Soi Sukhumvit 57 Klongton Nua, Wattana, Bangkok 10110 Tel. : (662) 725 4888 Fax. : (662) 725 4877
Factory	:	289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 338 Fax. : (6644) 448 500
Website	:	www.kbs.co.th

KBS Trading Co., Ltd.

Year of Established	:	2013 (Former company name is Agriculture Machine Service Co.,Ltd.)
Nature of Business	:	Trading of Sugar and by-Products
Company registration number	:	0105551079600
Registered capital	:	Baht 40,000,000
Paid-up capital	:	Baht 40,000,000
Head Office	:	289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 338 Fax. : (6644) 448 500
Factory	:	289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 338 Fax. : (6644) 448 500
Website	:	www.kbs.co.th

Khonburi Power Plant Co., Ltd.

Year of Established	:	2008
Nature of Business	:	Generating and distribution of electricity using bagasses as feedstock
Company registration number	:	0105551074993
Registered capital	:	Baht 500,000,000
Paid-up capital	:	Baht 500,000,000
Head Office	:	18 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 652, (6644) 448 669 Fax. : (6644) 448-096 Branch 1 289 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 338 Fax. : (6644) 448 500 Branch 2 99 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 652, (6644) 448 669 Fax. : (6644) 448-096
Factory	:	18 Moo 13 Jarakhe-Hin, Khonburi, Nakhonratchasima 30250 Tel. : (6644) 448 652, (6644) 448 669 Fax. : (6644) 448-096
Website	:	www.kbs.co.th
Remark	:	Commercial Operating Date since January 2, 2015

Khonburi Bio Energy Co., Ltd.

Year of Established	:	2004
Nature of Business	:	Manufacturing and distribution of ethanol using molasses as feedstock
Company registration number	:	0105547116130
Registered capital	:	Baht 7,000,000
Paid-up capital	:	Baht 7,000,000
Head Office	:	5 Soi Sukhumvit 57 Klongton Nua, Wattana, Bangkok 10110 Tel. : (662) 725 4888 Fax. : (662) 725 4877
Website	:	www.kbs.co.th
Remark	:	No significant operation at the moment

KBS Investment Co., Ltd.

Year of Established	:	2013
Nature of Business	:	Holding Company
Company registration number	:	0105557044018
Registered capital	:	Baht 10,000,000
Paid-up capital	:	Baht 10,000,000
Head Office	:	5 Soi Sukhumvit 57 Klongton Nua, Wattana, Bangkok 10110 Tel. : (662) 725 4888 Fax. : (662) 725 4877
Website	:	www.kbs.co.th
Remark	:	No significant operation at the moment

KBS Cane and Sugar Co., Ltd.

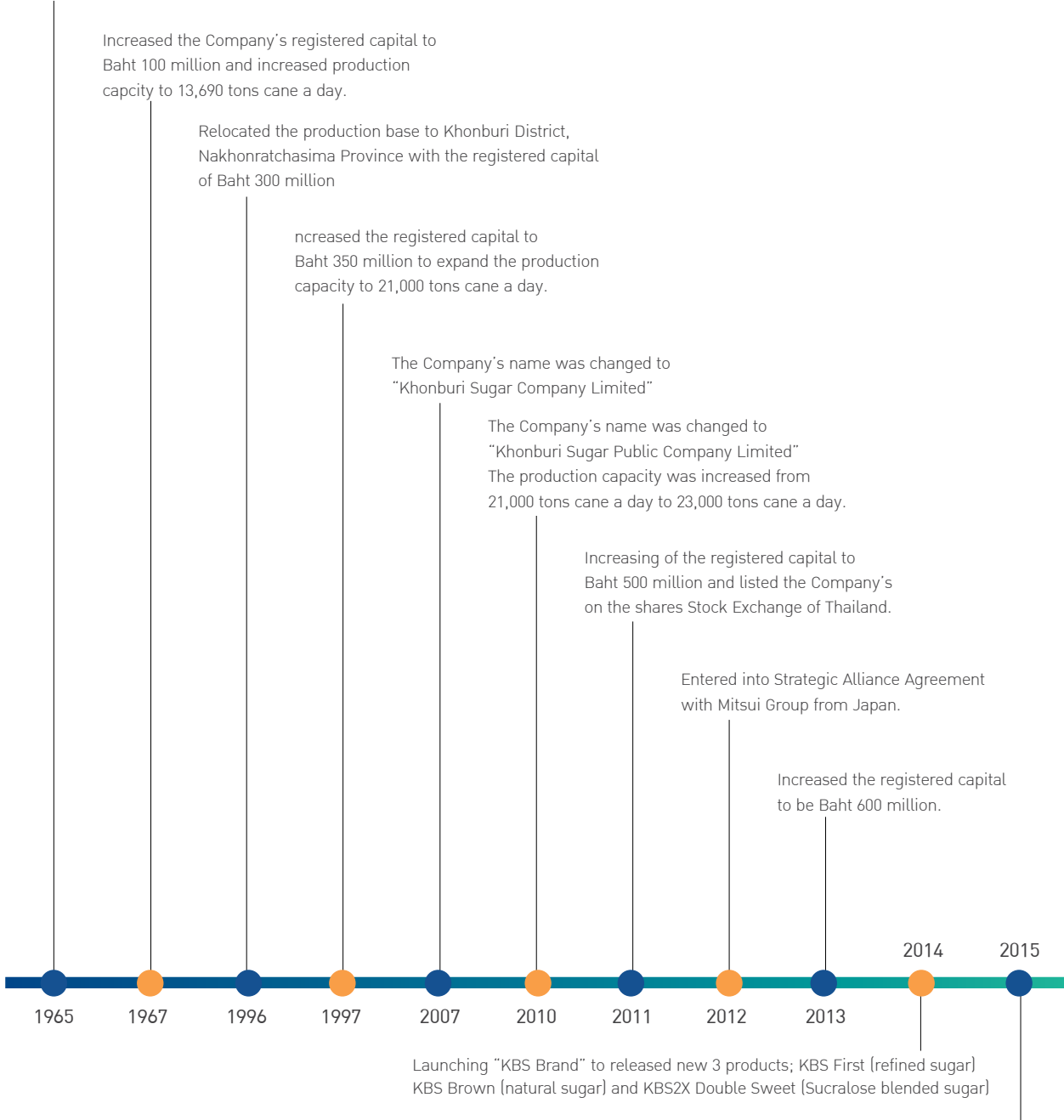
Year of Established	:	2013
Nature of Business	:	Manufacturing and distribution of sugar and by-products
Company registration number	:	0105557046355
Registered capital	:	Baht 5,000,000
Paid-up capital	:	Baht 5,000,000
Head Office	:	5 Soi Sukhumvit 57 Klongton Nua, Wattana, Bangkok 10110 Tel. : (662) 725 4888 Fax. : (662) 725 4877
Website	:	www.kbs.co.th
Remark	:	No significant operation at the moment

KBS Power Co., Ltd.

Year of Established	:	2013
Nature of Business	:	Generating and distribution of electricity using bagasses as feedstock
Company registration number	:	0105557046347
Registered capital	:	Baht 5,000,000
Paid-up capital	:	Baht 5,000,000
Head Office	:	5 Soi Sukhumvit 57 Klongton Nua, Wattana, Bangkok 10110 Tel. : (662) 725 4888 Fax. : (662) 725 4877
Website	:	www.kbs.co.th
Remark	:	No significant operation at the moment

Corporate background and major developments

Nong Yai Industry Company Limited was established with the registered capital of Baht 1 million. The mill possessed the production capacity of 1,500 tons cane a day



- Commercial Operating Date (COD) of electricity sale to the Electricity Generating Authority of Thailand (EGAT) under 22MW firm contract
- Started operation of Line C, which added 12,000 ton canes/day to result in total capacity of 35,000 tons canes/day

Award and Accreditation



By the strong intention of every management and employee to become an organization operating businesses together with the corporate social responsibility, Khonburi Sugar Public Company Limited received award of pride from prestigious institutions such as Award of occupation safety and health bureau, Award of social responsibility and governance etc.

- The Best Sugar Mill 2012
- Certificate of Environmental Friendly of Sugar production 2012
- Green Industry 2012-2013
- CSR - DIW Advance Award Level 4 2013
- CSR - DIW Continuous Award 2013
- Testimonial Award of save and restore environment 2013
- EIA Monitoring Awards 2014
- Occupation Safety and Health bureau Award 2012-2015
- Safety and Health at work Promotion Award 2014-2015

With determination and its constant focus on production process and product quality, KBS receives many honors and awards e.g. Standard and Good Sanitation Practices, Thai Industrial Standards, ISO 9001:2008, GMP Good Manufacturing Practices System, FSSC 22000.



Business Operation and Income Structure



1. Business operation overview

Khonburi Sugar Public Company Limited (KBS) and its subsidiaries under the Khonburi Sugar Group is a group of companies operating an integrated business of sugar manufacturing and distribution. The Group has planned and linked both agricultural and industrial mechanisms together with advantages in raw materials and location. At present, KBS is ranked the 15th in the group of sugar manufacturers and distributors of Thailand with the total sugar output in 2015 of 236,721 tons.

KBS Group establishes the vision to be a leading organization in cane, sugar, and bio-energy businesses by integrating human resources, technology and management.

KBS Group considers that Thailand's sugarcane and sugar industry has certain competitive advantages in the world market. Thailand is the second largest sugar exporter in the world with distinguished geographic advantage compared to other competitors. Thailand is in Asia where the sugar consumption ranges the highest in the world. The consumption growth is also higher than the global average, due to the sharp economic growth in this region. Therefore, development of Thailand's sugarcane and sugar industry will have great impacts to the economy and livelihood of Asian citizens. Furthermore, Thailand has advantage in sugar manufacturing efficiency and can invest in to the power and ethanol businesses, which will increase its overall profitability.

KBS Group has policy to upgrade its current production base to be an efficient, cutting-edge Sugar Energy Complex which is able to create competitive advantage to KBS Group in the long run.

2. Sugar production and distribution business

2.1 Raw Sugar

Raw sugar is sugar with dark brown color derived from primary production process. There are impurities left in this type of sugar, and its purity level is low. Raw sugar must be taken to purification (refinery) process to become white or refined white sugar before consumption.



2.2 Brown Sugar and Natural Sugar

Brown sugar and natural sugar are sugar that has already been refined but has not passed through decolorization process so this type of sugar will have brownish yellow color. It is ready for consumption and is popular among people who are concerned about healthy diet.

2.3 White Sugar

White sugar is sugar derived from raw sugar that has passed through purification (refinery) process to remove impurities until sugar is white and clean. This type of sugar is normally used as raw materials in industrial factories that manufacture food products requiring medium level of purity such as energy drink, condensed milk, and drinking yogurt, for example.

2.4 Refined Sugar and Super Refined Sugar

Refined sugar and super refined sugar are sugar derived from raw sugar that has passed through purification (refinery) process same as white sugar but it has higher level of purity. Refined sugar and super refined sugar come with clear and white crystals, and with this feature, it is widely used as raw materials in industries that require high level of purity such as food, pharmaceutical and soft drink industries. This type of sugar is also popular for general consumption among people.

2.5 Sucralose Blended Sugar

The latest innovation of sugar having two times sweetness because of a blend of sucralose, which is concentrated extract from 100% natural sugarcane. This type of sugar is cost-saving, clean and safe, suitable for small or medium entrepreneurs (SMEs) who would like to save costs and increase profits, and can be used by consumers for cooking nutritious and tasty dishes and beverages of all types, whether hot or cold.

3. Sugar by-product businesses

Besides manufacturing and distributing high quality sugar, the Company is able to produce the following by-products of sugar production process in order to maximize value-added by expanding into bio-energy businesses.

3.1 Molasses

Molasses are by-products of sugar boiling process, and they are dark brown and sticky liquid. Typically, the Company can get approximately 43-45 kilograms of molasses out of one ton of sugarcane. The Company sells these molasses to a variety of industries as they can be used as raw materials in food industry, beverage industry, or used for the production of alcohol, liquor, yeast, MSG, animal feed, vinegar, soy sauce and seasoning. More importantly, molasses are raw materials in energy industry for the production of ethanol. At present, the Company is planning to construct ethanol production plant with capacity of 200,000 liters per day

3.2 Bagasses and Bio-mass electricity

The Company uses bagasses derived from cane crushing process as fuel for steam and electricity production for distribution to our sugar factories. Electricity in excess will be sold to Provincial Electricity Authority (PEA) and Electricity Generating Authority of Thailand (EGAT). Khonburi Power Plant Co., Ltd. (KPP) is a main operator of power plant unit. At present, KPP sells the electricity to EGAT under the 22 MW Firm Contract. KPP also has outstanding 8 MW non-firm Contract, which KBS has another 8 MW non-firm Contract.

To be able to supply electricity sufficient for the increased demand each year, and to continuously strengthen sustainability with regard to electricity, the Ministry of Energy by Energy Policy and Planning Office therefore establishes and amends Thailand's electricity capacity development plan, B.E. 2010-2030 (PDP 2010 3rd Revision) in accordance with national economic and social development plan. It can be estimated that electricity demand will increase at an average of 3.9% per annum.

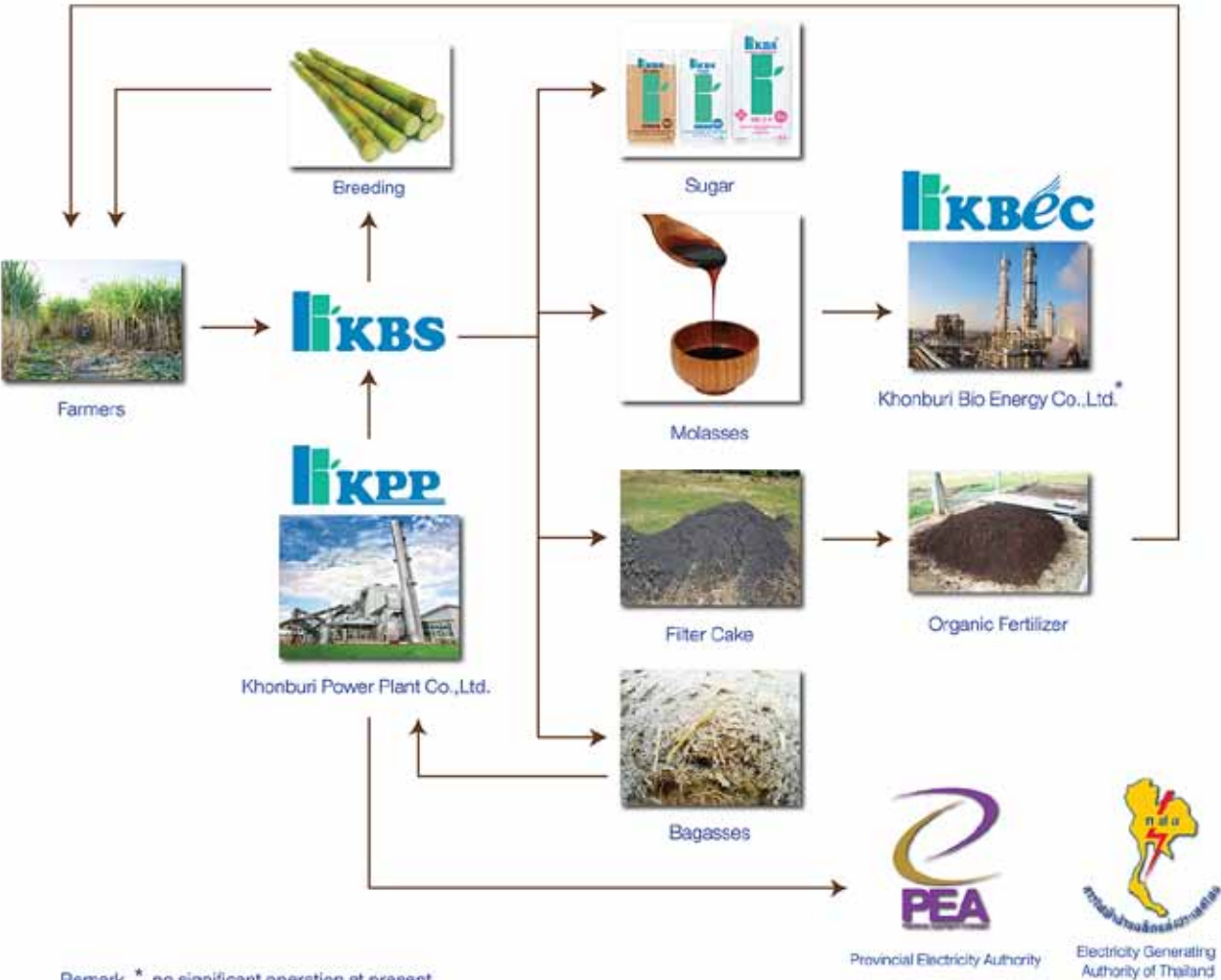
In addition, the Ministry of Energy recognizes the needs for development of a variety and suitable energy, especially renewable energy in the country in order to minimize dependency on fuel oil import, strengthen energy sustainability of the country, minimize impact on the environment and community, and minimize emission of green house gas, which is the key reason of global warming. The Ministry of Energy therefore aims to develop renewable energy and alternative energy to replace the use of fossil fuels by 25% within 10 years (2012-2021), and increase the ratio of renewable energy from 5% to at least 10% of total electricity within 2030. According to such plan, government sectors consequently need to procure and increase the purchase of electricity from renewable energy producers.



4. Molasses Trading Business

KBS Group has initiated molasses trading business in 2014 which is operated by KBS Trading Co., Ltd. (KBST) in order to increase the Group’s profitability from network of producers and users of molasses. Moreover, this business will support the ethanol business in the future.

KBS’s Business Overview



Remark * no significant operation at present
 KBEC has a plan to construct a 200,000 liter ethanol plants

The Company's income structure over the past three years
has details as follows:

	For the year ended 31 December 2013		For the year ended 31 December 2014		For the year ended 31 December 2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic sales						
- Refined sugar and super Refined sugar ¹	510.3	8.5	623.4	9.9	950.5	14.1
- White sugar ¹	502	8.4	423.8	6.7	549.9	8.2
- Raw sugar, brown sugar and natural sugar	328.6	5.5	177	2.8	116.2	1.7
Total domestic sales	1340.9	22.5	1224.2	19.4	1,616.6	24.0
International sales, (Sugar)						
- Refined sugar and super refined sugar	3269.5	54.7	2,900.7	46.0	2,653.0	39.4
- Refined sugar	0	0	14.0	0.2	138.9	2.1
- VHP sugar	214.6	3.6	271.9	4.3	123.5	1.8
- Bulk raw sugar	136.3	2.3	158.9	2.5	117.0	1.7
Total international sales	3,620.4	60.6	3,345.5	53.1	3,032.4	45.1
Total sugar sales	4,961.3	83.1	4,569.7	72.4	4,649.0	69.1
Molasses sales, (as by-product from sugar production)	509.3	8.5	501.4	8.0	530.7	7.9
Molasses trading	-	-	593.3	9.4	531.3	7.9
Total	509.3	8.5	1,094.7	17.4	1,062.0	15.8
Electricity sales	82.7	1.4	119.8	1.9	549.0	8.2
Agricultural product sales and services	350.5	5.9	396.1	6.3	343.5	5.1
Other income	68.5	1.1	124.3	2.0	123.1	1.8
Total revenues	5972.3	100.0	6,304.6	100.0	6,726.6	100.0

Note : 1. Including sugar sales to industrial customers for export purposes

Marketing and Competition in Sugar Industry

1. Sugar industry overview

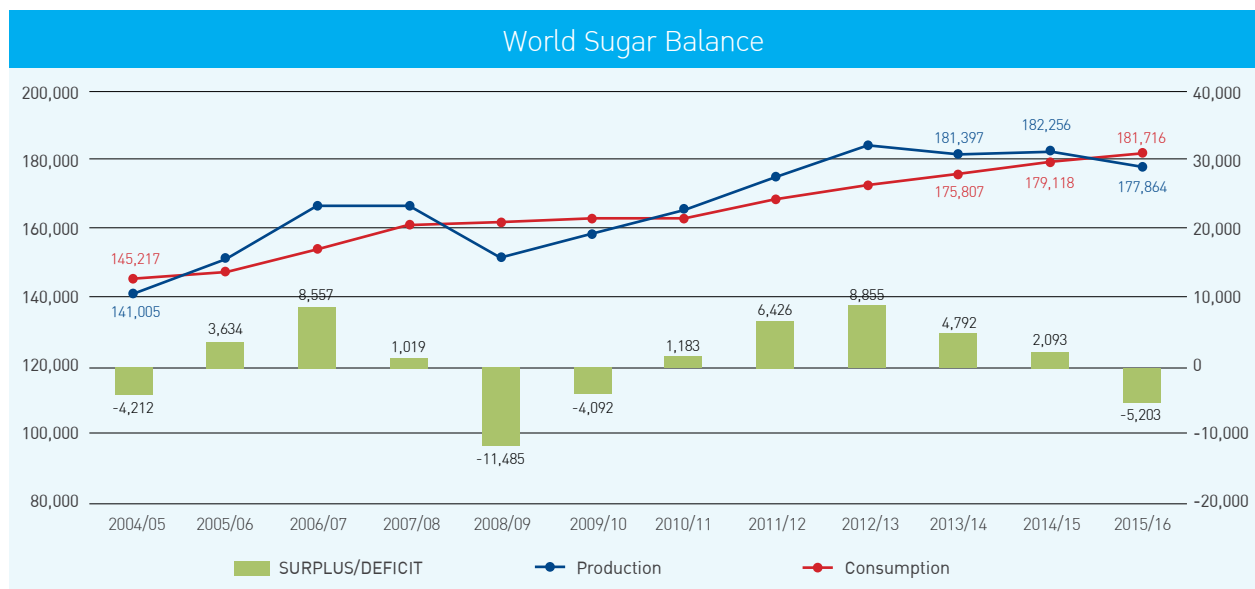
1) Sugar industry overview in global market

(a) Balance between sugar demand and supply in global market

Details	Consumption volume, production volume, and sugar inventory in global market (million tons) ¹									
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/2016
Consumption	153.816	161.042	161.967	162.563	162.774	168.414	172.390	175.807	179.118	181.716
Production	166.343	166.523	151.615	158.451	165.201	174.575	184.094	181.397	182.256	177.864
Inventory	70.528	71.547	60.062	55.970	57.153	63.580	72.434	77.226	79.320	74.116
Ratio of inventory/ consumption (%)	45.850	44.430	37.080	34.430	35.110	37.750	42.020	43.930	44.280	40.790

Source: F.O.Licth's International Sugar and Sweetener Report 27.10.2015

Remark: 1 Metric ton raw value



For production in year 2014/2015, it is expected that total sugar production volume worldwide will be 177.864 million tons, which has decreased by 2.40% from the volume of 182.256 million tons last year, while total sugar demand worldwide in year 2014/2015 will be 181.716 million tons, which has increased by 1.45% from the volume of 179.118 million tons last year. Sugar stock to use ratio has been decreased from 44.28% to 40.79% in year 2014/2015.

(b) Roles of countries in global sugar industry

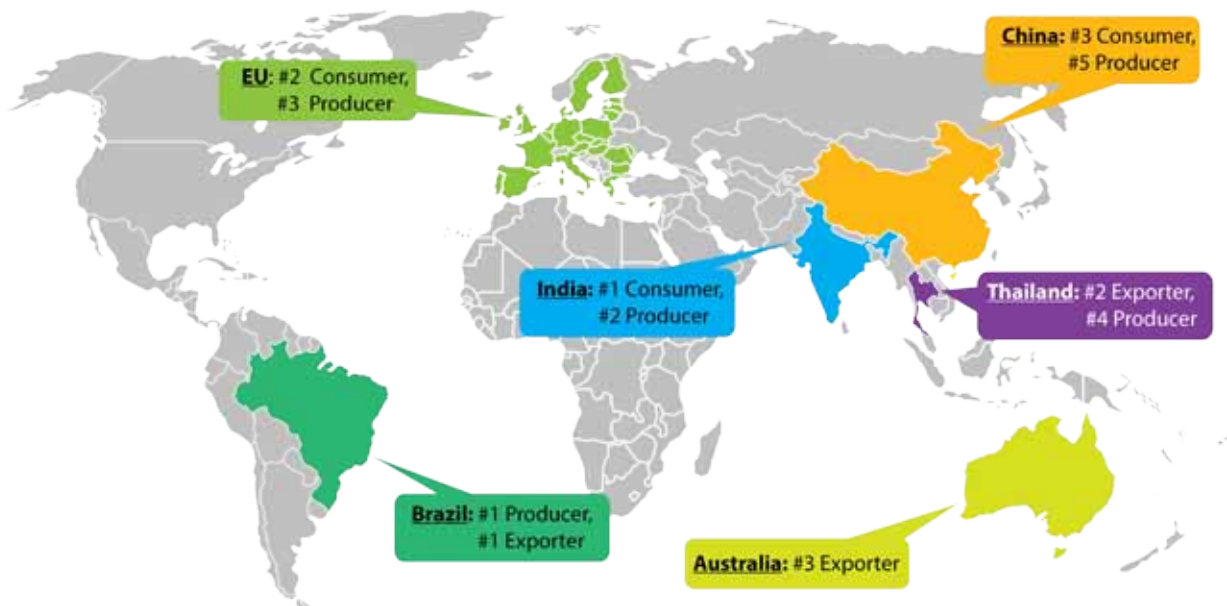








Table showing sugar production volume of major countries in the world during production year of 2011/2012 to production year of 2015/2016

	Product volume of major producers (million tons) ¹				
	2011/12	2012/13	2013/14	2014/15	2015/2016
Brazil	35.290	41.162	39.533	35.423	37.772
India	28.632	27.332	26.580	30.760	29.348
Thailand	10.568	10.346	11.677	11.579	12.000
China	12.519	14.193	14.476	11.474	10.300
United States	7.704	8.146	7.665	7.791	7.947
Mexico	5.258	7.264	6.271	6.234	6.200
Total major producers	99.971	108.443	106.202	103.261	103.567
Ratio of production of major producers/					
Total production volume (%)	57.27%	58.91%	58.55%	56.66%	58.23%

Source: F.O.Licht's International Sugar and Sweetener Report 27.10.2015
 Remark: 1. Metric ton raw value






Table showing sugar consumption of major countries in the world
during production year of 2011/2012 to production year of 2015/2016

		Consumption volume of major consumers (million tons) ¹				
		2011/12	2012/13	2013/14	2014/15	2015/16
	India	24.568	25.351	26.277	27.283	27.717
	China	15.300	15.760	16.150	16.600	17.100
	Brazil	12.668	12.726	12.772	12.853	12.926
	United States	10.205	10.661	11.109	10.890	10.895
	Indonesia	5.680	5.983	6.327	6.554	6.783
	Russia	5.869	5.865	5.870	5.870	5.870
Total major consumers		74.290	76.346	78.505	80.050	81.291
Ratio of consumption of major consumers/						
Total consumption volume (%)		44.11%	44.29%	44.65%	44.69%	44.74%

Source: F.O.Licth's International Sugar and Sweetener Report 27.10.2015

Remark: 1. Metric ton raw value







Table showing sugar export of major countries during the world
in production year of 2011/2012 to production year of 2015/2016

		Export volume of major exporters (million tons) ¹				
		2011/12	2012/13	2013/14	2014/15	2015/16
	Brazil	22.052	29.667	24.726	23.705	25.131
	Thailand	7.260	6.098	6.457	7.753	8.904
	India	3.793	1.086	2.742	2.500	4.350
	Australia	2.570	3.094	3.283	3.333	3.623
	Guatemala	1.662	2.008	1.854	2.425	2.151
Total major exporters		37.337	41.953	39.062	39.716	44.159
Ratio of export of major exporters/						
Total export volume (%)		61.75%	62.77%	60.77%	61.88%	66.20%

Source: F.O.Licth's International Sugar and Sweetener Report 27.10.2015

Remark: 1 Metric ton raw value

Table showing sugar import of major countries in the world
during production year of 2011/2012 to production year of 2015/2016








		Import volume of major importers (million tons) ¹				
		2011/12	2012/13	2013/14	2014/15	2015/16
	China	4.292	3.688	4.054	4.870	5.000
	Indonesia	2.850	4.270	3.802	3.181	4.000
	United States	3.357	2.971	3.256	3.220	3.100
	United Arab Emirates	2.115	2.278	2.513	2.521	2.575
	Malaysia	1.933	1.924	2.004	2.125	1.979
	Algeria	1.523	1.944	1.829	2.109	1.957
Total major importers		16.070	17.075	17.458	18.026	18.611
Ratio of import of major importers/ Total import volume (%)						
		26.46%	26.69%	27.50%	28.55%	28.48%

Source: F.O.Litch's International Sugar and Sweetener Report 27.10.2015

Remark: 1 Metric ton raw value

(C) Thailand's sugar export

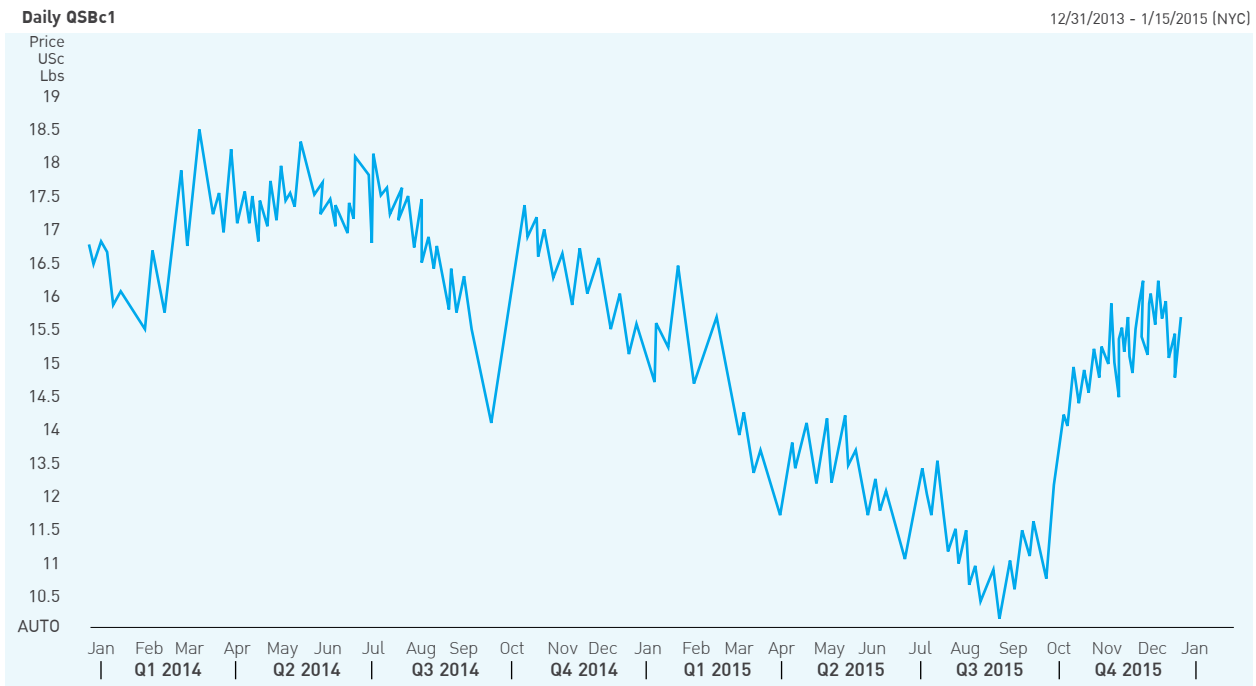
Thailand is the second largest exporter of sugar after Brazil. Our target customers are in Asia, which is an area that Thailand has the advantage over other major sugar exporting countries. Since Thailand is closer to destination countries, the transportation cost from the origin to the end destination remain low. The following table shows the major destination countries for sugar export from Thailand during the production year of 2011/2012 to 2014/2015.

		Sugar import volume from Thailand (million tons) ¹			
		2011/12	2012/13	2013/14	2014/15
	Indonesia	1.385	1.852	1.781	1.898
	China	0.322	0.964	0.262	0.888
	Myanmar	0.047	0.112	0.131	0.680
	Japan	1.058	0.820	0.754	0.640
	South Korea	0.516	0.445	0.528	0.527
	Malaysia	0.269	0.423	0.326	0.504
	Cambodia	0.392	0.562	0.651	0.491

Source : OMIC

Remark: 1 Metric ton raw value

(d) Price of raw sugar in New York market



According to the chart, In 2015, the prices of raw sugar were between 16.80 and 10.20 cents/pound, which decreased from the previous year when the prices were between 18.50 and 13.30 cents/pound. Recently, in the fourth quarter of 2015, the price was at 15.04 cents/pound. Factors resulting in a decrease in sugar prices are as follows:

1. Excessive sugar stocks of major producers, such as India, Brazil, and Thailand, that had to be quickly exported to get ready for the new season of sugar production;
2. India’s subsidy for sugar exportation
3. Weakening of Brazilian real against the US dollar
4. Decrease in crude oil prices leading to a decrease in ethanol prices

However, in early October 2015 the sugar price in the global market increased by over 40% from its lowest price due to the following factors:

1. Drought in Thailand, China, and India, which are the world’s major sugar producers;
2. Excessive rainfall at the end of sugar milling season of 2015/16 in southern Brazil, resulting in decreased quality and sweetness of sugarcanes and a lot of sugarcanes having to wait for the next sugar milling season in April 2016; and

3. An increase in ethanol consumption in Brazil by 10% compared to the previous year because an increase in tax rate imposed on imported oil resulting in a rise in production of ethanol from sugarcane to 57% (compared to 55% in the previous year) so there is a decrease in quantity of sugar produced by Brazil.

- Opportunities and challenges for the agriculture sector after the beginning of free trade under AEC
Opportunities

Exportation: Thai agricultural products, especially rice, rubber, fresh vegetables and fruits, sugar, and processed products, can be exported to ASEAN market whose population is over 590 million people.

Investment: Thai farmers have an opportunity to expand their investment or co-investment in agricultural activities in ASEAN countries where they have advantages in terms of cultivating areas, climate, and other production factors.

Raw Materials: entrepreneurs undertaking the business of processed agricultural goods are able to import raw materials or semi-finished goods from ASEAN countries without tariff barriers. They can also benefit from more efficient transportation and logistics systems in ASEAN, which help reduce their operating costs.

Improvement of Competitiveness: Thai farmers and entrepreneurs producing processed agricultural goods can improve their competitiveness in the global market as a result of use of production resources in partnership with other ASEAN countries.

Challenges

Trade competition: more agricultural goods from other ASEAN countries may enter Thai market at lower prices and/or better quality, such as rice (from Vietnam), palm oil (from Malaysia), coffee (from Vietnam and Indonesia), tea (from Indonesia), and coconut (from Philippines).

- Impacts of AEC on the agriculture sector, including sugar
 - Under AEC, Thailand is obliged to lower tariffs on every item of agricultural goods, including sugar, from other ASEAN countries to 0% beginning 1 January 2010 (except four sensitive goods, namely coffee, desiccated coconuts, cut flowers, and potatoes, whose tariffs will be lowered to 0-5%)
 - Meanwhile, five ASEAN countries, namely Brunei, Indonesia, Malaysia, Philippines, and Singapore, are obliged to lower tariffs on agricultural goods imported from other ASEAN countries, including Thailand, to 0% beginning 1 January 2010.

(Thailand is ASEAN's largest sugar exporter. In 2011, it exported about 2.73 million tons of sugar to ASEAN countries. Currently, ASEAN countries' need for sugar is about 5.6 million tons per year. Thus, the free trade under AEC will be an opportunity for Thailand to expand sugar market in this region, especially Indonesia, which is the largest market of Thai sugar. Indonesia imports sugar about 2.9 million tons per year. In 2011, Thailand exported 1.32 million tons of sugar to Indonesia.)

- Thailand and all other ASEAN countries have to remove all non-tariff barriers. Thailand's gradual cancellation of tariff-rate quotas for 23 items of agricultural goods, including sugar, has already been completed on 1 January 2010.
 - Due to similarity in terms of terrains and climate, most ASEAN countries produce the same or similar agricultural products, which are also harvested at the same time, especially rice and sugarcane. As a result, there is trade competition in the region and the global market.
- Adaptation of sugarcane and sugar industries
 - Overall structure of sugarcane and sugar industries should be properly adapted to match the free trade environment. The industries should be managed in a way that improves business operations and conforms to AEC obligations.
 - A focus should be given to improvement of quality and production efficiency to reduce costs.
 - Value creation of sugarcane and sugar should be promoted.
 - Management of sugarcane and sugar industry systems should be improved. Co-investment and cooperation with neighboring countries should be promoted.
 - Importance should be given to development of organic farming goods for value addition.

2) Sugar industry overview of domestic market

Sugarcane and sugar industry in Thailand is subject to the Sugarcane and Sugar Act, B.E. 2527 which requires the Cane and Sugar Board to control and ensure that sugar quantity is sufficient for domestic demand. The Cane and Sugar Board will estimate sugar quantity to be consumed within the country and determine sugar quota each year, and distribute such quota proportionately for sugar factories throughout the year based on sugar production volume of each factory. Sugar price within the country will also be controlled under the Act on Price of Goods and Service, B.E. 2542, and the Ministry of Commerce will announce domestic sugar price. .

At present, there are 51 sugar mills in Thailand with the capacity of sugarcane crushing approximately 100-110 million tons/year to get the sugar totaling 10-11 million tons per year. The crushing season takes 4-5 months per year, starting from the end of November to April of each year. The number of sugar mills is governed by related authorities. Any expansion or relocation of sugar mills must be first approved by the Ministry of Industry. All these sugar mills may be divided into the groups of companies as listed below :

Group	Number of factories of the Group	Sugar product (tons)	Market share (percentage)
Mitrphol Sugar Group	6 factories	2,302,862.50	20.38
Thai Rung Ruang Group	7 factories	1,595,175.46	14.11
Thai Identity Group	3 factories	991,570.20	8.77
Khon Khen Sugar Group	5 factories	914,458.06	8.09
Korach Industry Group	2 factories	641,467.80	5.68
Erawan Sugar Group	2 factories	641,393.71	5.68
Wangkanai Sugar Group	4 factories	562,890.45	4.98
Suphanburi Group	4 factories	529,482.29	4.68
Ban Pong Sugar Group	2 factories	436,084.24	3.86
Kumphawapi Sugar Group	2 factories	404,824.93	3.58
Eastern Sugar and Cane PCL	1 factory	380,219.03	3.36
Kanchanaburi Group	2 factories	326,341.11	2.89
Saha ruang Group	1 factory	262,772.54	2.33
Mitr Kaset Group	2 factories	251,528.61	2.23
Khonburi Sugar PCL	1 factory	236,721.26	2.09
Others	7 factories	824,206.14	7.29
Total	51 factories	11,301,998.33	100.00

Source: Report on sugar production of sugar factories nationwide for year 2014/2015 (End of Cane Crushing Period) prepared by Office of the Cane and Sugar Board

Domestic sugar price

The Ministry of Commerce will determine price, criteria and conditions on the sales of sugar each year by requiring sugar manufacturers or distributors to quote sugar price not exceeding the followings

Wholesale price (sack included) delivered at factory

Refined Sugar	21.40	Baht per Kilogram
Grade 1 and Grade 2 Sugar	20.33	Baht per Kilogram
Grade 3 Sugar	20.33	Baht per Kilogram

Wholesale price (sack included) delivered at wholesaler's selling location

Refined Sugar	22.095	Baht per Kilogram
Grade 1 and Grade 2 Sugar	21.025	Baht per Kilogram
Grade 3 Sugar	20.760	Baht per Kilogram

Retail price in Bangkok Metropolis, Nonthaburi, Pathum Thani, Samut Prakan and Samut Sakhon

Refined Sugar	22.85	Baht per Kilogram
Grade 1 and Grade 2 Sugar	21.85	Baht per Kilogram
Grade 3 Sugar	21.35	Baht per Kilogram

Remarks : 1) Each sack contains 50 kilograms of sugar. In case of retail price for 1 kilogram pack, the labor and material costs shall be added for 0.75 Baht per kilogram.

2) Sugar Grade 1 and Grade 2 means the white sugar while Sugar Grade 3 means the brown sugar.

3) Prices set in the above table includes 5.00 Baht per kilogram revenues that, sugar factories are required to submit to the Cane and Sugar Fund according to the resolution of the Council of Ministers in 1999.

2. Quota allocation system

The Office of the Cane and Sugar Board is the unit established under the Cane and Sugar Act 1984. The Board regulates and allocates the production and distribution of sugar manufactured by each sugar mill in Thailand according to a quota system, including Quota A, Quota B and Quota C.

Quota A is the quota for domestic consumption. The Sugar Board will annually estimate the sugar consumption demand from the growth in population and economy.

Quota B is the raw sugar in the amount of 800,000 tons. The Sugar mills must sent 400,000 tons of sugar to be exported by Thai Cane and Sugar Corporation Ltd., and the sugar companies will directly export the other 400,000 tons.

Quota C is the remaining sugar from Quota A and B by which each sugar company can export through authorized exporting companies according to the Regulation of the Cane and Sugar Board regarding Criteria, Methods and Conditions on Permission on Sugar Export, B.E. 2550.

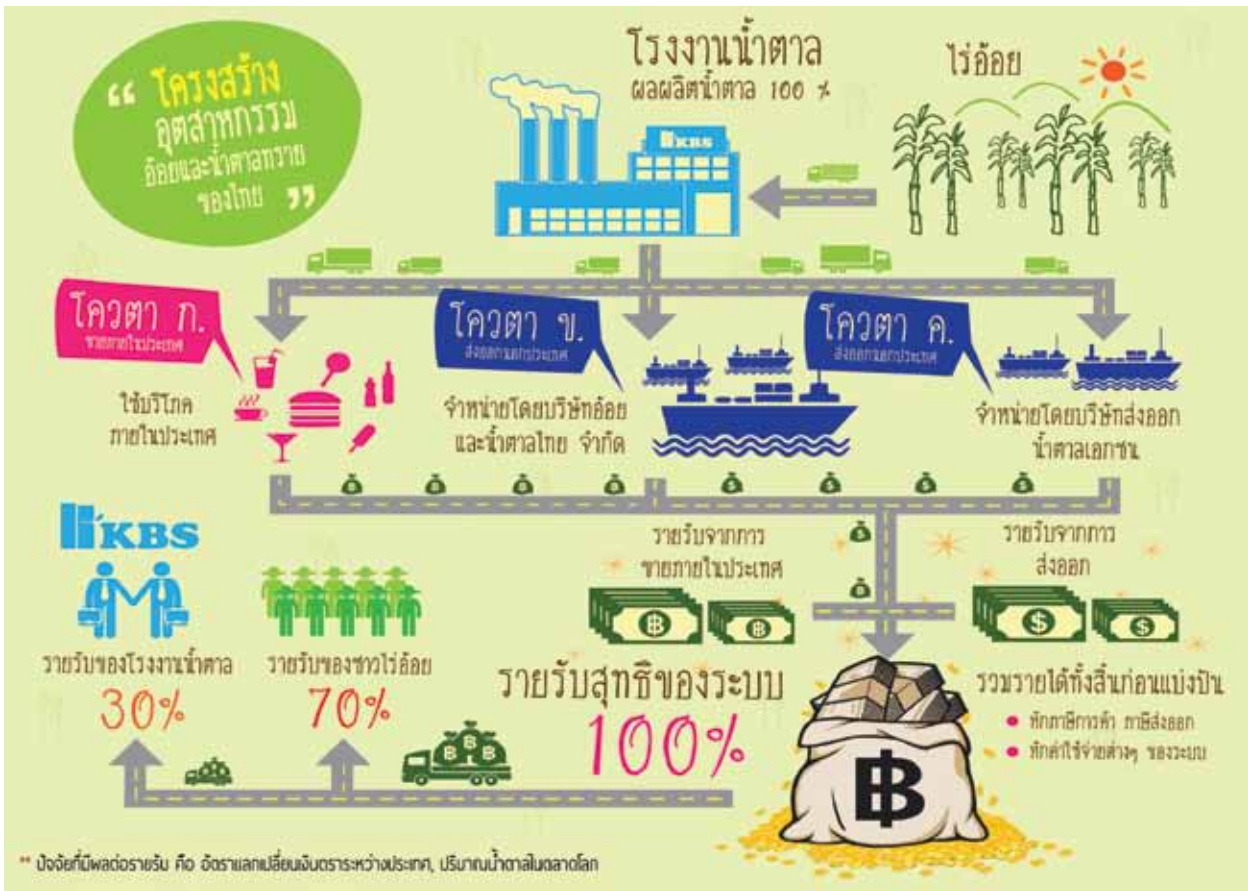
The following table illustrates the quantity of sugar in Quota A, Quota B and Quota C in the past 5 production seasons manufactured by the sugar industry and by KBS according to the Notification of the Cane and Sugar Board regarding Types of Sugar Permitted for Sugar Mills' Manufacturing in the Production Season

	Production season of 2010/11	Production season of 2011/12	Production season of 2012/13	Production season of 2013/14	Production season of 2014/15
	Tons	Tons	Tons	Tons	Tons
Quota A.					
Nationwide	2,300,000	2,300,000	2,610,000	2,400,000	2,500,000
Khonburi Sugar PCL	77,832	59,087	66,841	57,752	52,743
Quota B.					
Nationwide	800,000	800,000	800,000	800,000	800,000
Khonburi Sugar PCL	22,974	24,398	19,030	22,726	19,674
Quota C.					
Nationwide	6,363,009	7,151,217	6,614,147	8,132,906	8,039,085
Khonburi Sugar PCL	200,030	179,870	170,841	192,229	166,805

Source: The Cane and Sugar Board's notification

When each sugar factory has been allocated with sugar quota according to Quota A., those factories must sell Quota A. sugar each week in quantity equal to allocated quota divided by 52 weeks.

โครงสร้างอุตสาหกรรมอ้อยและน้ำตาลทรายของไทย



3. Benefit Allocation Scheme Between Sugarcane Farmers and Sugar Mills

The benefit allocation scheme between sugarcane farmers and sugar mills is 70:30 in which 70% of the industry’s benefit will be allocated to sugarcane farmers and 30% of the industry’s benefit will be allocated to sugar companies.

After the end of each production season and Quota B is determined by the Cane and Sugar Board, the Executive Board will calculate the final sugar price from the net profit actually occurred in that production year

The following table shows Preliminary price and final price of sugarcane from production year of 2006/2007 to 2014/2015

Production year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/2015
	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton	Baht/Ton
Preliminary price of sugarcane	800.00	600.00	830.00	965.00	945.00	1,000.00	950.00	900.00	900.00
Final price of sugarcane (Zone 9)	687.07	667.07	917.42	999.94	1,077.62	1,072.01	1,011.22	952.24	853.75

Source: The Cane and Sugar Board’s notification

Remark: Zone 9 consists of 19 sugar factories in the North East, which also include Khonburi sugar factory Preliminary price of sugarcane for production year of 2015/2016 is 800 Baht/ton

4. Marketing and Sales

Sales and Marketing Department has developed a marketing strategy in line with the company's vision by expanding market and developing products, which means expansion to small and medium enterprises (SME) and consumers. Thus, it is very important to create awareness and make KBS known, and expand our business into consumer market. This is the background of KBS branding strategy in both domestic and international markets.

Sugar selling proportion of year 2013/2014					
Sugar for export 75%			Sugar for domestic sale 25%		
Asia 55%	Africa 10%	Regional 10%	Shopping mall (OEM) 10%	Industry 10%	Distributor 5%

4.1 Domestic sales

The company sells and distributes products through multi-channels, e.g. industrial customers, modern trade customers, distributors, and food service businesses.

(a) Industrial customers

Our company sells white sugar and refined sugar to industrial customers for use as raw materials of food products and beverages. Typically, we will enter into sugar sales and purchase agreement annually in order to determine the exact quantity and price for these customers. The company's customers include Carabao Daeng Co., Ltd., Uni-President (Thailand) Co., Ltd., Ajinomoto (Thailand) Co., Ltd., and European Food PCL.

The strategy that the Company has implemented in maintaining the customer base includes giving priority to product quality control, timely delivery, and attention to customers' specifications such as packaging design to reduce cost of transportation and product storage of customers.

(b) Modern trade customer

The Company sells refined sugar and brown sugar packed in packages in sizes and brands as specified by our customers (we act as Original Equipment Manufacturer or OEM), and in the same distribution channel, we have marketed our products under the brand "KBS" including KBS First: refined sugar produced from high quality sugarcane under industry standards and purified by filtration and crystallization processes for clean and clear crystals of sugar, KBS Brown: sugar with natural scent of sugarcane, sweet and delectable taste, clean and safe, and KBS 2X Double Sweet: the latest innovation with two times sweetness from a blend of sucralose, which is concentrated extract from 100% natural sugarcane.

The Company normally enters into sugar sales and purchase agreement with these customers annually in order to determine the exact quantity and price for these customers same as industrial customers. These customers include Tesco Lotus shopping center, Big C shopping center and The Mall Group.



(c) Distributors

The company sells refined sugar and natural sugar to distributors, who will distribute our products to small local retailers and SME customer.

(d) Food Service Business Channel (Hotel/Restaurant/Catering)

The Company plans to expand market under KBS brand through new channels to meet the needs of various customers such as restaurants, hotels, or catering agents.

4.2 International Sales

(a) Sales of Quota B. Sugar

Quota B. sugar is divided into two equal portions (please see details in Item 3.7.2: Quota Allocation System). The Company will deliver the first portion for Thai Sugar and Cane Co., Ltd. to sell. The second portion will be sold by the Company same as Quota C. sugar.

(b) Sales of Quota C. Sugar

Under the Sugarcane and Sugar Act, sugar factories will be able to export sugar through exporting agents being permitted by the Cane and Sugar Board only. At present, there are seven companies being permitted by the Cane and Sugar Board to export sugar. Our company has joined with other 16 sugar companies to establish The Thai Sugar Trading Co., Ltd. who will act as sugar exporting agent for the group of companies who have established such company. We will contact and negotiate with our foreign customers directly, which The Thai Sugar Trading Co., Ltd. will process goods shipping at the port, handle export documents, proceed customs procedures, and collect money from our customers.

The Thai Sugar Trading Co., Ltd. will enter into Packing Credit loan agreement with commercial banks for the Company in the name of The Thai Sugar Trading Co., Ltd. in order to obtain financial support.

The Thai Sugar Trading Co., Ltd. will transfer money it has received under Packing Credit loan from commercial banks to the Company, and the Company will issue promissory note to The Thai Sugar Trading Co., Ltd. as evidence of money. The Company will offer interest to The Thai Sugar Trading Co., Ltd. using the same rate being paid by The Thai Sugar Trading Co., Ltd. to the commercial banks.

Sugar sales and purchase agreement that the Company has entered into with the customers can be classified into two categories including short-term agreement and long-term agreement. For short-term agreement, we will enter into agreement by specifying quantity and selling price, and then only wait for delivery. For long-term agreement, we normally enter into this category of agreement 6-12 months in advance, whereby the Company will only specify quantity in the agreement, and will use the price as referred in NY#11 future sugar price to ensure that the Company will not be exposed to high risk.

Most of the Company's customers are large international sugar traders having good financial position such as Bunge, Cargill, and Louis Dreyfus, etc. In the past, we had never encountered bad debt issue. However, we have cautiously complied with customer credit policy, and review our customers' financial position regularly. We export sugar to over 20 countries worldwide, and our main customers are Indonesia and other countries in the Middle East.

5. Raw Material Supply

1) Overview on sugarcane farming in Thailand

Sugarcane is main raw material for production of sugar. Thailand has sugarcane plantation approximately 10.1 million rai, and has sugarcane product ready for sugar production totaling 103.7 million tons during production year of 2013/2014. Since there are several limitations to expand sugarcane plantation such as higher land price, prohibition on forest area trespassing, etc., the quantity of sugarcane product is therefore mainly depending on rainfall and climate. Furthermore, sugar price compared to other crops (especially cassava) also has impact on quantity of sugarcane product. In other words, during the year that the price of sugarcane is higher when comparing to cassava or other economic crops, some farmers will switch from planting cassava or other economic crops to sugarcane resulting in large quantity of sugarcane product that year.

Table showing quantity of sugarcane entering to sugar production process from production year of 2010/2011 to production year of 2014/2015

Production Year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Sugarcane plantation (million rai)	8.1	9.3	9.5	10.1	10.5
Total sugarcane product (million ton)	95.4	98.0	100	103.7	106.0

Source: Information Department, Office of Cane and Sugar Board

2) Competition in raw material supply among sugar factories

In general, each sugar factory will acquire sugarcane from the area nearby its factory in order to save transportation cost. However, since sugar industry is an industry having high fixed costs, each factory therefore tries to purchase sugarcane for production as much as possible to reduce cost per unit. During the year that quantity of sugarcane is decreased due to dry season, there will be high competition with regard to sugarcane purchase among sugar factories located in the same area. This issue also leads to higher cost of sugarcane transportation.

There are 4 sugar companies having factories located in the lower part of North Eastern Region including Surin Sugar Company Limited, Korach Industry Company Limited, Buriram Sugar Company Limited, and Angvian Industry Company Limited.

Table showing quantity of sugarcane to be crushed nationwide, and quantity of sugarcane to be crushed in the North East during the past five production seasons

Production year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Average growth rate per annum (percentage)
Quantity of sugarcane to be crushed nationwide (million tons)	95.4	98.0	100.14	103.7	106.0	2.1
Quantity of sugarcane to be crushed in the North East (million tons)	38.0	37.1	40.5	44.9	47.4	5.3

Source: Information Department, Office of Cane and Sugar Board

3) The Company's sugarcane supply

The Company considers that sugarcane supply plan is one of our main strategies since quantity of sugarcane being acquired each year is a key factor having impact on our profit. If we can supply large quantity of sugarcane into our production process, we will be able to reduce cost per unit. We will also have sufficient quantity of bagasses for use as biomass fuel for the production of electricity, which will be used during production process. This will allow us to earn more profit from selling electricity to Provincial Electricity Authority and Electricity Generating Authority of Thailand. On the other hand, if the Company can only supply small quantity of sugarcane, cost per unit of sugar will increase, and quantity of bagasses will decrease. If the quantity of bagasses is insufficient for production electricity for use in our factories, we will have to buy additional fuel from other sources, which will result in low profitability

The Company does not own sugarcane plantation, and therefore needs to acquire sugarcane by promoting farmers to switch from planting other crops to sugarcane instead. We believe that good service and good relationship with farmers are the key factor in supplying raw materials. We consequently place importance on management of good relationship with farmers through provision of financial support and building relationship using agricultural researchers. This lead to increased number of farmers who plant sugarcane for sale to the Company as presented in the following table:

The following table shows quantity of sugarcane of the Company comparing to the whole country during production year of 2010/2011 to production year of 2014/2015

Production year	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Quantity of sugarcane throughout the country (ton sugarcane)	95,358,928	97,979,690	100,002,514	103,665,750	105,959,057
The company's quantity of sugarcane to be crushed (ton sugarcane)	2,885,524	2,547,348	2,543,137	2,509,773	2,286,749
Ratio between The company's quantity of sugarcane to be crushed and quantity of sugarcane throughout the country (percentage)	3.02	2.60	2.54	2.42	2.16

Source : Production Management Center, Office of the Cane and Sugar Board, and the Company

4) Good relationship management with sugarcane farmers

The Company considers that sugarcane farmers are our key trade partners, and we therefore focus on relationship management with sugarcane farmers in holistic manner aiming on long-term interest of our Company and sugarcane farmers. We work closely with farmers for several years from planning process to sugarcane cutting and delivery. As a result, we understand problems that the farmers are facing during all phases of farming beginning from soil preparation, planting, nourishing, irrigation, harvesting and transportation. All of these processes must be done in comprehensive manner.

(a) Financial support (offering advance payment)

The main method that sugar factories use in supplying sugarcane into production process and building good relationship with farmers is to offer advance payment or other necessary factors for sugarcane farmers in order to promote sugarcane farming so that sugarcane will be sold to sugar factories in the following year. This method of "advance payment" is like reserving sugarcane for crushing in the factories. After sugarcane is big enough and ready for cutting, it will be the time that sugar factories are opening for sugarcane crushing. Farmers will cut down sugarcane and deliver them to factories. The factories will then deduct advance payment from money to be paid for such sugarcane. Our Company usually plans one year ahead of production year to ensure that we will have enough sugarcane for production. We will enter into sale and purchase agreement directly with farmers in advance, and will also enter into advance payment agreement if farmers need cultivating assistance from the Company. In the past, 80% of farmers receive advance payment from the Company. This payment covers various expenses during cultivation beginning from soil preparation, sugarcane preparation, and investment in water system, fertilizer, as well as sugarcane harvesting expense.



We consider the amount of advance payment to be offered to each farmer based on history of sugarcane delivery, sugarcane quality, and debt repayment ability, in order to minimize the issue of bad debts of the Company. In addition, we also require some farmers to place their properties as security deposits. For advance payment in the amount exceeding approving authority of financial support management board, approval must be granted by managing director, executive board, or the Company’s Board of Directors, as the case may be.

Besides financial support approving system that we have to proceed step by step, we also use technology when considering the amount of advance payment such as GIS (Geographic Information System), to help minimizing issue of claiming possessory right over sugarcane plantation, calculating cultivating area and suitability of sugarcane planting of farmers, in order to plan for sugarcane supply.

The Company monitors farmers’ products continuously throughout cultivation season until farmers deliver sugarcane to deduct advance payment being provided.

In the event that advance payment has not been repaid after completion of crushing period, which is the end of sugarcane delivery during such production season, the Company will specifically monitor those farmers by analyzing reasons of unpaid balance, and continuity of sugarcane farming, in order to assess ability to deliver sugarcane as debt repayment in the following production season. This analysis will be made individually. If the Company has assessed and sees low chance of sugarcane delivery as debt repayment, the Company will submit the matter for legal department to proceed further action.

(b) Farming services for farmers

The Company recognizes the importance in strengthening the sustainability of raw materials since our factories have expanded production capacity, we therefore support farmers who would like to expand plantation and increase products by motivating them to plant sugarcane instead of other crops such as supporting them with ploughing and cultivating expenses, chicken manure, offering interest-free installment plan for sugarcane provision, backhoe service, well excavation, water system, installation of water tank on tractors, productivity and efficiency enhancement technology, preparation of experimental and demonstration plots with other agencies involved, transportation station service for small farmers who do not have large truck for sugarcane transportation. All of these services and assistance are provided with our goal to improve better living condition for farmers according to the Company’s motto “Fulfilling Life, Bringing Happiness. Having good relationship with farmers plays a part in helping the Company to reduce the risk in terms of raw material supply.



(c) Establishment of Promotion Office

The Company has established promotion office the area suitable for sugarcane farming by having fulltime agricultural technical staff to help supervising farmers, solving problems for farmers, promoting farmers to plant more sugarcane, and suggesting sugarcane farming techniques in order to improve products, The Company's agricultural technical staff are well experienced. We also instruct our staff to be active in offering services. All agricultural technical staff can maintain good relationship with sugarcane farmers.

The Company has expanded our promotion office to ensure that we will be able to supervise farmers closely and throughly, and to offer knowledge and persuade farmers to switch to sugarcane farming aiming to increase quantity of sugarcane for crushing in our factories.

(d) Sugarcane variety promotion

The Company recognizes that development of sugarcane variety is necessary for enhancement of sugarcane cultivation capability in the long run. We therefore established sugarcane variety research project to develop sugarcane variety that is suitable for cultivation in the promoted area to ensure that it will be sufficient for expansion of cultivation area each year.

(e) Agricultural machinery service

At present, sugarcane farmers need agricultural machineries for sugarcane cultivation and harvest due to the decrease in number of agricultural labor. The Company has tasked our Agricultural Machinery Service Department to offer agricultural machineries such as sugarcane harvesters, sugarcane planters, to farmers in order to reduce sugarcane planting and harvesting costs, and to build good relationship with farmers.

Recently, our Agricultural Machinery Service Department is developing sugarcane harvesters and sugarcane planters by focusing on high quality machineries with lower price than machineries available in the market, and with features suitable for application condition in Thailand.

Risk Factors



1. RISK RELATED TO THE BUSINESS OF THE COMPANY

1.1 Risk of the fluctuating income from sugar sales.

The production and sales of sugar are always been up to the sugarcane seasonal effect. Normally, the sugarcane harvesting period in Thailand starts at the end of November or the beginning of December. Thus, the raw sugar production goes on till the end of March or the beginning of April, while the white sugar products are on process.

Consequently, sugar mills usually start their selling sugar products from January up to the end of the year. The Company always considers various factors in its sugar sales, such as inventory, expected production and world sugar prices etc. Therefore, the Company's sugar sales for each quarter is not constant.

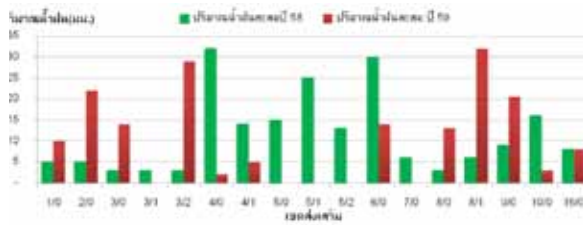
1.2 Risk of volatile sugar prices in the global market

In the global market, sugar is a product with high volatility of prices if compared with other agricultural commodities. The sugar prices in the global market depend on various factors, e.g. demand and supply of sugar producing countries, consumers, exporters and importers, as well as speculation of some traders. All such factors deal with particular geographic conditions enriching or blocking the sugarcane planting in each country, policies of import, export promotion and intervention in the sugar industry by the state sector, especially by some developed countries. At present, the sugar prices are also related to the fuel prices because the sugarcane and molasses can be used to produce a type of alcohol called ethanol, which can be blended with gasohol to get the car fuel. All above factors result in the high volatility of sugar prices in the global market.

The volatility of sugar prices in the global market drives the Company to arrange its risk management under appropriately financial instruments such as the future contracts/options for sale or purchase of sugar in order to curb the fluctuation of the Company's profit resulted in the risk of sugar price volatility in the global market. Nevertheless, such risk prevention may adversely affect the Company's operating performance at certain quarters because the Company has to record its profit and loss due to such risk prevention of the income statements according to the fair value of that option at the end of each accounting period, which may not perfectly match the period of sugar delivery by the Company.

Moreover, the Company's previous operating results absolutely relied on the sugar and molasses businesses; the volatility of the global sugar prices has greatly affected the Company's operations.

But, the Company decided to invest in some related projects, e.g. biomass-based power plant; hence, the Company anticipates the future that its operating results would be less affected by the global sugar prices.



1.3 Risk from foreign exchange rates

The Company has exported about 70% of its sugar sales sum. Most sugar exported is exposed to the USD currency; so the Company’s sales sum has been fluctuating in line with the exchange rate. However, the Company has to set up the 70:30 revenue sharing scheme between the Company and sugarcane farmers; as a result, the Company’s cost of sugar moves subject to the exchange rate, as well. Therefore, a great amount of income and costs of the Company are linked to the exchange rate (natural hedge). In addition, the Company has made the forward contract to reduce the impact caused by such fluctuations of exchange rate to the Company’s operating results.

Nevertheless, such risk preventive measures may adversely affect the Company’s quarterly operating results since the Company has to record its profit and loss of the income statements according to the fair value of that option, which may not perfectly match the time of receiving payments from its sugar sales.

1.4 Risk from raw material supplies-sugarcane

The Company is one of the producers and distributors of sugar and by-products, which needs the sugarcane as the raw material; so the Company’s risk of operating results partly deals with the quantities of sugarcane supplied to the production process. The factors affecting the volume of sugarcane include: (1) the change of sugarcane planting areas (the number of Rai) which some farmers can decide to grow other agricultural crops generating higher returns than sugar, or the state sector may launch the promotion policy on growing other crops; and (2) the change in the yield of sugarcane (ton cane per Rai), which is mostly affected by the volume of rain and abundant soil as well as the climate change at each particular year.

If the dropping sugarcane planting areas or drought cause less amount of sugarcane across the country, the amount of sugar is produced by the Company would be reduced as well. When the cost per unit especially the fixed cost per unit is rising, the profit per unit certainly plunges and the Company’s overall profit would finally slump. Moreover, in any years when the quantity of sugarcane grown is so low, the neighboring sugar mills compete for buying some sugarcane more to sustain their amount of sugarcane crushed. As a result, the Company’s overall cost of raw materials is hiking while its net profit is dropped.

However, Thailand comes secondly in the list of the worlds’ top sugar exporters, and being the main sugar supplier to the Asian region. In the years when the amount of sugarcane crushed was dropped in Thailand, it results to the quantity of sugar available in the Asian region, which drives the sugar selling prices in other countries higher. Consequently, such increasing prices help relieve the impact of the volume of sugar crushed, and higher costs.

Furthermore, the Company has valued the stability of sugarcane supplies; therefore, it has provided assistance system, and utilization of technologies to boost the yields and efficiency in sugarcane planting. Such assistance purposively helps the sugarcane farmers, under the Company's care, the farmers can receive good returns from the sugarcane plantation in a long term, which indirectly motivates those sugarcane farmers to grow and supply some sugarcane to the Company consistently.

1.5 Risk from the cost of sugarcane

The cane and sugar industry in Thailand is regulated under the 70:30 revenue sharing scheme between sugarcane farmers and sugar mills. The sugarcane prices are regularly calculated by the Cane and Sugar Board to allocate 70% of the sugar industry lump sum revenue to the sugarcane farmers. The Cane and Sugar Board calculates the revenue to be paid to those sugarcane farmers with reference to the average sugar selling prices of Thai Cane & Sugar Corporation Ltd.

If the Company fails to sell some sugar to the foreign markets (Quota C) at a price higher than the average price actually sold by Thai Cane & Sugar Corporation Ltd., the Company must pay the high price of sugarcane if compared with its sales sum; this can make its profit margin and net profit plunge. Nevertheless, the Company sets up the risk management by closely watching the period and sales volume of Thai Cane & Sugar Corporation Ltd. to ensure that the Company sells some sugar at an appropriate rate if compared with that of Thai Cane & Sugar Corporation Ltd. To elaborate the average selling prices for exports (Quota C) of the Company in the past 3 years were higher than the actual average selling prices of Thai Cane & Sugar Corporation Ltd. each year.

1.6 Risk from the quality of raw material-Sugarcane

The quality of sugarcane or CCS of sugarcane is a core factor which affects the amount of sugar produced by the Company. The factors affecting the quality of sugarcane include the climate variability such as out of season rain during the sugarcane harvesting, which mainly reduce the sweetness in sugarcane.

Furthermore, most sugar sales are done through the future contracts, that is, the sales quantities and prices are pre-determined prior to the delivery time for 6 months to 1 year. Therefore, if the sugarcane crushed in the production process contains CCS lower than expected while the future contract is made, the Company may have inadequate sugar for its customers.

However, the Company closely monitors the risk management possibly caused by the quality of sugarcane. If the sweetness of sugarcane drops, the Company may purchase some sugar to be delivered to the customers, or may use certain appropriate financial instruments, such as future contract or options to manage such risk, etc.

1.7 Risk of bad debts arising from loans granted to sugarcane farmers (advance loans)

In the operation of sugar industry, the sugar mills usually support the sugarcane farmers to grow the sugarcane to be supplied to these mills. These supports may be in forms of loans granted by financial institutions or other nonfinancial supports, such as offering of fertilizer, sugarcane varieties, agricultural machinery, etc. those are the normal practices done by most sugar mills called "sugarcane loans". This advance loan looks like reserving some sugarcane to be crushed in the production process when the sugarcane is ready for harvesting whereas the sugar mills start their crushing. In the years when the drought or pestilence occurs, the farmers are unable to supply the sugarcane as earlier agreed, the Company has to bear more bad debts; as a result, the Company's net profit will go down.

The Company has valued the risk management for such advance loans are extended; so it is controlled, starting from the process of granting the credit line to the debt collection system. The Company establishes the

advance loan management committee to be in charge of approving such advance loans to sugarcane farmers by considering sugarcane planting areas, anticipated quantities of sugarcane grown, records of sugarcane delivery, and debt repayment of each debtor. The Company has regularly monitored the sugarcane grown by sugarcane farmers who receive the advance loans granted by the Company. The Geographic Information System (GIS) has been used to survey and measure the sugarcane planting areas in order to get the accurate information about sugarcane planting areas of the Company, and to make its monitoring of sugarcane products more efficient.

1.8 Risk from the impact on the environment

The Company has always focused on the business management to ensure that there will not be any negative impact on the environment, and on the policy of keeping the Company's production process under the industrial standards. In respect with dust emitted from the sugar mills, the Company repairs and installs some dust collectors, and improves the dust filling system by having the wet scrubber installed.

However, the Company cannot assure that it would not be claimed for any environmental impact in the future. The claims against the Company for the environmental impact can adversely affect its operating results and financial status, as well.

2. RISK FROM THE GOVERNMENT POLICY

The cane and sugar industry in Thailand has been controlled and regulated by the Cane and Sugar Board by virtue of the Cane and Sugar Act, B.E. 2527. The Board arranges the sugar distribution in a quota system (Quota A for domestic sales, Quota B and C for exports), allocates the revenue in the sugarcane production system between sugar mills and sugarcane farmers under the 70:30 profit-sharing scheme, and controls the entry of new players into the sugar business, etc. It is apparent that the rules and regulations issued by the Cane and Sugar Board take effect to the production costs and operating results of the Company; for example, the 70:30 profit-sharing scheme originates the calculation of sugarcane price the sugar mills pay to the farmers, the regulations regarding the sugar exports, the policies on the revision of domestic sugar prices, or the policies on free trading of the sugar business, which may affect the Company's operating results.

Furthermore, other government policies, except the policy for the direct control of the cane and sugar industry, may take the significant effect to the Company's operating results. For example, the policy of promoting the renewable energy, such as ethanol, affects the domestic sales volume of ethanol. Or, the policies of promoting the growing of cassava and of guaranteeing prices of cassava or other agricultural crops may drive the Company to encounter some negative impact because the sugarcane planting areas may be lower, and the crop farmers decide to grow other crops generating higher returns, etc.

Because the Company recognizes the importance of government policies in shaping the cane and sugar industry, it has cooperated with 3 sugar mill associations and sugarcane farmers associations to inspire the government sector to recognize the importance of this industry, which deems the top-stream industry for the food and processed food industries. At present, sugar and its by-products are also transformed to be the fuel energy for cars (ethanol), or developed for the production of chemicals. The cane and sugar industry has also generated a great amount of foreign income because about 60-70% of total sugar volume produced is exported while almost 100% of raw materials of sugar mills come from domestic sources.

Today, the communications, explanations and understanding between the government and the cane and sugar industry via the sugar mill associations and sugarcane farmers associations are smooth; therefore, the government has better understanding of problems and needs of sugar mills, and gives more help to those sugarcane farmers; these help reduce the risk potentially posed by governmental policies on the direction of cane and sugar industry.

Shareholding Structure and Management

1. Shareholding Structure

The major shareholders of the Company as of 31 December 2015 are listed below.

No.	Shareholders	Shares held	Proportion (%)
1	Khonburi Capital Co., Ltd. ¹	165,307,800	27.55
2	Mr. Issara Twiltermsup	78,972,500	13.16
3	MITSUI & CO., LTD.	66,666,666	11.11
4	Mr. Somkiat Twiltermsup	40,987,500	6.83
5	MITSUI SUGAR CO., LTD.	33,333,334	5.56
6	Phatra Capital Public Company Limited	17,191,600	2.87
7	Thai NVDR Co., Ltd.	17,066,400	2.84
8	Mr. Takon Tawintermsup	16,983,900	2.83
9	GRAND BARI CO., LTD.	12,000,000	2.00
10	Mr. Panas Rungnopakhunsri	5,245,000	0.87
11	Other	146,245,300	24.37
	Total	600,000,000	100.00

Remarks: Khonburi Capital Co., Ltd. is a holding company and its shareholders as of 30 December 2015 are as follows:

1. Khonburi Capital Co., Ltd.
 - 1.1 Mr. Issara Twiltermsup Group² holds 39,100,000 shares equivalent to 50%
 - 1.2 Mr. Takon Tawintermsup Group³ holds 19,550,000 shares equivalent to 25%
 - 1.3 Mr. Somkiat Twiltermsup Group⁴ holds 19,550,000 shares equivalent to 25%
2. Mr. Issara Twiltermsup Group is composed of Mr. Issara Twiltermsup, Mr. Somchai Twiltermsup, Miss Chonatee Twiltermsup, Mr. Teerawat Twiltermsup, Mr. Kan Twiltermsup, Mr. Amnart Rumpoeypong and Mr. Methree Sukvatayanon
3. Mr. Somkiat Twiltermsup Group is composed of Mr. Somkiat Twiltermsup, Mr. Tanasit Twiltermsup, Ms. Jitsupa Twiltermsup, Mr. Tanachote Twiltermsup and Mrs. Tarinee Semleelatham
4. Mr. Takon Tawintermsup Group is composed of Mr. Rungsan Tawintermsup, Mr. Rachot Tawintermsup and Mr. Kosol Nantilipong

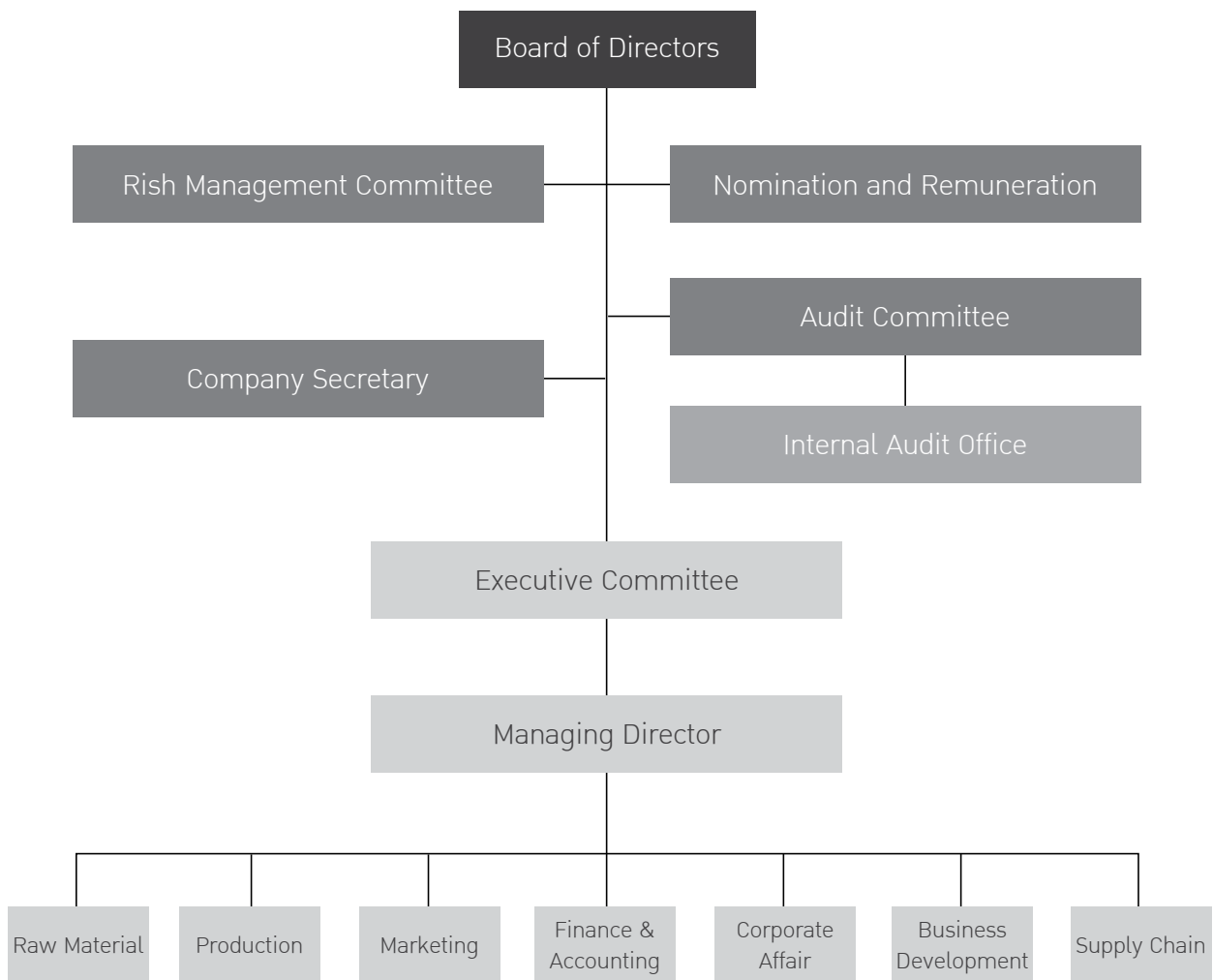
Policy and Dividend payment

The Company places a policy of dividend payment to every shareholder for not less than 40% of net profit declared in the separated financial statements of after the deduction of all types of statutory reserves prescribed in the Articles of Association of the Company and by law; provided that there is no case of emergency or such dividend payment is not likely to significantly affect the normal business operations of the Company as the Board of Directors deems reasonably or appropriately. Moreover, such undertaking must hand out the best benefits to the shareholders of the Company. The resolutions of the Board of Directors consider such matters must be proposed for the meeting of shareholders' approval, except the Board of Directors may pay interim dividend to the shareholders from time to time, and the Board shall report to the next meeting of shareholders for information.

The subsidiaries of the Company set up a policy of dividend payment for not less than 40% of net profit stated in the financial statements of each subsidiary after the deduction of corporate income tax, statutory reserve and any other reserves whereas the cash flow, liquidities and investment plan at a particular time shall be regarded as well.

2. Management Structure

The management structure of the Company as of 31 December 2015 are listed below.



The management structure of the Company as of 31 December 2015 consisted of the Board of Directors and 4 sub-committees, namely Executive Committee, the Audit Committee, the Risk Management Committee, Nomination and Remuneration Committee as described below.

1) The Board of Directors

As of 31 December 2015 the Board of Directors consists of 11 members are included

No.	Name of Directors		Position
1	Mr. Suthep	Wongvorazathe	Chairman
2	Mr. Takon	Tawintermsup	Director
3	Mr. Somkiat	Twiltermsup	Director
4	Mr. Issara	Twiltermsup	Director
5	Mr. Amnat	Rumpoeypong	Director
6	Mr. Tat	Wanakornkul	Director
7	Mr. Sran	Smutkochorn	Independent Director
8	Dr. Thawatchai	Nakhata	Independent Director
9	Mrs. Suvimol	Krittayakiern	Independent Director
10	Mr. Voravit	Rojrapitada	Independent Director
11	Mr. Suwat	Summasshipvitsavakul ¹	Independent Director

Remarks : 1. Mr. Suwat Summasshipvitsavakul was appointed on 26 February 2015
2. Ms. Thanathom Sukaram was the company secretary

The authorized directors are Mr. Takon Tawintermsup, Mr. Somkiat Twiltermsup, Mr. Issara Twiltermsup and Tat Wanakornkul, any two authorized directors co-sign their names with the Company's seal affixed.

Scope of Duties and Responsibilities of the Board of Directors

1. To undertake and manage the Company in conformity with any and all related laws, objectives, and Articles of Association of the Company, as well as resolutions of the meetings of shareholders.
2. To comply with laws, objectives, and Articles of Association of the Company, as well as resolutions of the meetings of shareholders and the Board of Directors. In managing the Company's business, the Board of Directors shall perform duties with a full spectrum of responsibilities, care and honesty.
3. To consider and approve any significant matters related to the Company's business operations, e.g. vision, mission, policies, business strategies, goals and operating plans, financial targets, and budget.
4. To govern and care for the normal business operations of the Company; and to have the Management work efficiently and proficiently to be in line with the determined vision, mission, policies, business strategies, goals and operating plans, financial targets, and budget of the Company for inclusive benefits of the Company and its shareholders.
5. To provide the accounting system, financial reports and auditing; and to care for the internal control system and the internal audit system in order to ensure that they are all efficient and proficient.
6. To prepare the annual reports of the Company and/or the Board of Directors to be in accordance with all related laws and regulations required.
7. To care for and provide a governing mechanism to prevent the potential conflicts of interest between any stakeholders and the Company.

8. To consider, approve, consider and give opinions for consideration and approved by the meeting of shareholders in case of making any transactions significantly to the Company or any connected transactions in accordance with the procedure, conditions, legal process and related rules and regulations and/or obligations required by the Company.

9. To appoint any of the Company's directors as the chairman of the board; and to appoint some directors subject to the number of the Board of Directors deems appropriately as the vice chairman.

10. To determine and amend the authorized directors of the Company.

11. To recruit and appoint a person with knowledge, competence and experience that the Board of Directors deems appropriately, and with all other qualifications required by related laws and regulations to hold a position of directorship in case any director vacate his office due to other reasons apart from the expiration of the term of office.

12. To recruit a person with knowledge, competence, experience and all other qualifications required by related laws and regulations to hold a position of directorship, and such person shall be nominated for the meeting of shareholders' consideration.

13. To consider and set up the criteria of remuneration payment to the Company's directors and top management by regarding any all factors, e.g. work performance, title, scope of duties and responsibilities, qualifications, knowledge, competence, experience, and motivation in contributing for the Company, both in short and long terms, etc.

14. To consider appropriate amount of remuneration for directors of the Company in line with the criteria of remuneration payment set up by the Board of Directors which shall be proposed to the meeting of shareholders for consideration and approval.

15. To evaluate the work performance of the Managing Director and Top Management; to consider and set up the remuneration for the Top Management in line with the criteria of remuneration payment set up by the Board of Directors.

16. To appoint any sub-committees; to recruit and appoint the directors or persons having engaged the knowledge, competence and experience as the Board of Directors deems appropriately to hold positions in those sub-committees ; and to lay down the scope of authority, duties and responsibilities of those sub-committees.

17. To appoint the executive board who is elected from any directors or executives of the Company; to elect any of executive board members as the Managing Director; and to determine the scope of authority, duties and responsibilities of the executive board and the Managing Director.

18. To appoint a director or person having engaging the qualifications, knowledge, competence and experience as the Board of Directors deems appropriately as the Company Secretary.

19. To appoint and/or empower one or several directors or persons to take any acts under the scope of directorship power and as the Board of Directors deems appropriately. However, such empowerment may be suspended, cancelled or altered.

20. To provide and care for the communication channels to connect with each group of shareholders and stakeholders of the Company appropriately.

21. To care for the accuracy, completion, timing and transparent disclosure of important information related to the Company via fair and creditably accessible channels.

22. To set up and amend any matters prescribed in the regulations and Articles of Association of the Company.

23. To engage other power, duties and responsibilities as required by laws and other related regulations, Articles of Associations of the Company, and the resolutions of the meetings of shareholders.

2) The Executive Committee

As of 31 December 2015, the Executive Committee consisted of 4 following members :

No.	Name of Directors	Position
1	Mr. Takon Tawintermsup	Chairman of Executive Committee
2	Mr. Somkiat Twiltermsup	Executive Director
3	Mr. Issara Twiltermsup	Executive Director
4	Mr. Tat Wanakornkul	Executive Director

Remark : Mr.Thanthit Kasemsup was the Executive Committee Secretary.

Scope of Duties and Responsibilities of the Executive Committee

1. To consider and prepare the policies, business strategies, operating goals and plans, financial targets, and budget of the Company by appropriately regarding various business factors to be proposed for the Board of Directors' approval.

2. To govern, inspect and monitor the Company's business operations to ensure that they are efficiently and proficiently carried out in line with the policies, business strategies, operating goals and plans, financial targets, and budget of the Company as approved by the Board of Directors.

3. To set up the organization structure and management policy of the Company as well as policies of recruitment, training, employment and termination of employment for the Company's employees. The Managing Director and/or the Director to the Human Resources Department may be authorized to sign signature in the employment contract.

4. To conduct the feasibility studies on investment in new projects, and to be empowered to consider and approve the Company for an investment or a joint venture with an individual, juristic person or any other business organization in the investment form the Executive Committee deems appropriately in order to operate the business subject to the Company's objectives, and to consider and approve the Company's expenditure for such investment, business contracts and/or any related acts to complete such matter for the amount of investment from Baht 10 million up to Baht 50 million.

5. To consider and approve financial transactions, in the amount from Baht 10 million up to Baht 50 million, to be made with any financial institutions in respect with the opening of account, taking out of loans and credit line, pledge, mortgage, guarantee and other matters as well as selling and purchase, and registration for any ownership of land in accordance with the Company's objectives in order to benefit the business operations of the Company; and to take any legal acts, make contracts and/or perform other acts related to such matters until it is completed.

6. To consider and approve of entering into a contract and financial instruments, e.g. future contract for the right in sugar sales and purchases, foreign currencies exchange forward contract, etc. in order to prevent the Company's financial risks.

7. To consider and provide advice or opinions to the Board of Directors about any projects, proposals or entering into transactions related to the Company's operations, which need the operating amount greater than the permitted amount and/or required by any related laws and regulations or Articles of Association of the Company that must be considered and approved by the meeting of shareholders or that of the Board of Directors.

8. To consider and approve of the rules, regulations, management policies and business operations of the Company or any other acts binding the Company.

9. To empower the Managing Director to operate the business of the Company in accordance with the scope of power, duties and responsibilities as designated and governed by the Executive Committee.

10. To appoint and/or assign the Executive Director or a person or several persons to take any acts under the scope of power given to the Executive Committee and as the Executive Committee deems appropriately. The Executive

Committee may suspend, cancel or alter such power.

11. To consider and approve of the Empowered Operation Manual to enable the appointed and/or authorized persons to be aware of the scope of responsibilities and given power, and such that shall be a working manual for further working reference and to make the working procedure in order.

12. To set up A succession plan for Managing Director.

13. To have any power, duties and responsibilities as per assignments or policies given by the Board of Directors.

The scope of power, duties and responsibilities of the Executive Committee mentioned above is under applicable laws and related regulations, as well as Articles of Association of the Company. In case that the Executive Committee must carry out or enter into any transaction which may cause potential conflict of interest, and/or it must enter into any transaction with a connected transaction, the related laws and regulations or the Articles of Association of the Company require that must be considered and approved by the meeting of shareholders or that of the Board of Directors. By this regard, the Executive Committee shall provide some opinions, which is further proposal to the Board of Directors for consideration, and undertaken as required by any related laws and regulations or the Articles of Association of the Company.

3) The Audit Committee

As of 31 December 2015, the Audit Committee consisted of 3 following members :

No.	Name of Directors	Position
1.	Ms. Suvimol Krittayakiern ¹	Chairman of the Audit Committee
2.	Mr. Voravit Rojrapitada	Audit Committee
3.	Mr. Suwat Summasshipvitsavakul ²	Audit Committee

Remarks : 1. Ms. Suvimol Krittayakiern is an audit committee member who is equipped with knowledge in accounting and finance

2. Mr. Suwat Summasshipvitsavakul was appointed on 26 February 2015

3. Mr. Manawin Kongto was the Secretary to the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

1. To review the financial statements of the Company to ensure that they are disclosed accurately and adequately by coordinating with the external auditor and the Management who are responsible for the preparation of quarterly and yearly financial statements. The Audit Committee may have the auditor review or audit any transactions necessarily or importantly while auditing the Company's account.

2. To provide some advice to the Board of Directors and the Management on the improvement of the Company's working process or system in order to reduce related risks to ensure that the financial statements of the Company are accurate and efficiently utilized.

3. To review the internal control system and internal audit system of the Company to ensure that they are run appropriately and proficiently; to verify the independence of the Internal Audit Department; and to give approval

of the appointment, removal and dismissal of the Head of Internal Audit Department or those of other departments which is responsible for the internal audit activities of the Company.

4. To verify that the Company conforms to laws on securities and stock exchange, regulations of the stock exchange and any other laws on the business of the Company.

5. To consider, recruit and nominate an independent person to be the Company's auditor; to propose the remuneration for such an auditor; and to have the meetings with the auditor at least once a year without the attendance of the Management.

6. To consider any connected transactions or those with potential conflicts of interest to be in conformity with laws on securities and stock exchange, and regulations of the stock exchange in order to ensure that such transactions are reasonable and enhance the best benefit for the Company; and to consider to ensure the Company's disclosure of connected transactions or those possibly causing the conflicts of interest which is accurate and adequate.

7. To disclose the reports of the Audit Committee, which signed by the Audit Committee Chairman, in the annual reports of the Company.

8. In performing duties, if the Audit Committee finds or suspects, the following transactions may have the material impact on the financial status and operation results of the Company, the Audit Committee shall report them to the Board Of Directors prior to the improvement within the timeframe of the Audit Committee who deems appropriately :

(a) Transactions causing conflicts of interest

(b) Dishonest or irregularity or important defect in the internal control system

(c) Violation of laws on securities and stock exchange, regulations of the stock exchange or laws on the business of the Company. If the Board of Directors or the Management of the Company fails to remedy such within the timeframe specified in paragraph one, any of the Audit Committee members may report the transaction or act stated in paragraph one to the Securities and Exchange Commission or the Stock Exchange of Thailand.

9. The Audit Committee may seek for an independent opinion from other professional advisors if it deems necessarily under the Company's expense.

10. To perform other duties specifically assigned by the Board of Directors with consent of the Audit Committee.

4 The Risk Management Committee

As of 31 December 2015, The Risk Management Committee consisted of 5 following members :

No.	Name of Directors	Position
1.	Mr. Sran Smutkochorn	Chairman of the Risk Management Committee
2.	Mr. Somkiat Twiltermsup	Risk Management Committee
3.	Mr. Issara Twiltermsup	Risk Management Committee
4.	Mr. Amnart Rumpoeypong	Risk Management Committee
5.	Mr. Voravit Rojrapitada	Risk Management Committee

Remark : Mr.Thanthit Kasemsup was the Secretary to the Risk Management Committee.

Scope of Duties and Responsibilities of the Risk Management Committee

1. To set up a general risk management policy to be proposed to the Board of Directors; such policy shall involve the procurement of raw materials, financial supports to farmers, production, marketing and finance, as well as investment risks and other risks possibly taking impact on the business reputation.
2. To set up the potential risk management direction and policy due to the procurement of raw materials, financial supports to farmers as well as the risk of inadequate supplies of sugarcane for the production process, and the risk of bad debt due to financial supports given to the farmers.
3. To set up the risk management policy in relation to the Company’s production, which also includes the risks affected by the production proficiency and the discontinuity of production.
4. To set up the risk management policy in relation to the marketing and sales as well as risks affected by the fluctuation of global sugar price and the foreign exchange rates.
5. To set up the policy of utilizing financial instrument, e.g. future contract for the right in sugar sales and purchases, foreign currencies exchange forward contract, etc. in order to prevent the Company’s financial risks.
6. lay down the policies and the principles of making insurance for various assets in order to reduce the risk of possible disasters.
7. To place the business strategies to be in line with the risk management policy in order to support and encourage the cooperation from the Company’s employees at all levels, and to enable to monitor, evaluate and keep the level of risks at an appropriate level.
8. To improve and revise the management and risk management systems of the Company to ensure that they are efficient and proficient. The evaluation and monitoring of such risk management process must be at all time in conformity with the determined risk management policy.
9. To set up the preparation of risk reports and advice to be submitted to the Board of Directors for further improvement.
10. To perform other duties in relation to the risk management as specifically assigned by the Board of Directors.

5) The Nomination and Remuneration Committee

As of 31 December 2015, the Nomination and Remuneration Committee consisted of 3 following members

No.	Name of Directors	Position
1	Dr. Thawatchai Nakhata	Chairman of the Nomination and Remuneration Committee
2	Mr. Sran Smutkochorn	The Nomination and Remuneration Committee
3	Mr. Amnart Rumpoeypong	The Nomination and Remuneration Committee

Remark : Mr.Thanthit Kasemsup was the Secretary to The Nomination and Remuneration Committee

Scope of Duties and Responsibilities of The Nomination and Remuneration Committee

1. To consider the recruitment criteria and procedure for persons with appropriate qualifications to be nominated the directors of the Company, and the selection of persons in line with the determined nomination process to be proposed to the Board of Directors for being further appointed or proposed to the meeting of shareholders for appointment, as the case may be, as well as to allow the minority of shareholders to nominate any persons for consideration and selection by the meeting of shareholders.

2. To consider the recruitment criteria and procedure for persons with appropriate qualifications to be nominated the Managing Director and to carry out the recruitment and selection of persons in accordance with the determined nomination process to be proposed to the Board of Directors for appointment.

3. To review the succession plan for Managing Director on regular basis.

4. To set up remuneration criteria for directors, member of sub-committee.

5. To consider and propose remunerations offered to directors and member of Sub-committee be proposed to the Board of Directors with consent to be further proposed to the meeting of shareholders of the Company for approval.

6. To consider salaries and revision of salary rates, as well as other remunerations offered to the Managing Director, which shall be further proposed to the Board of Directors for approval.

7. To set up the yearly work performance guidelines for the Board of Directors, Sub-committee, Managing Director, regarding particular duties, responsibilities and risks occurred.

8. To perform other duties as specifically assigned by the Board of Directors.

6) Executive Management Team

As of 31 December 2015, the Management Team of the Company consisted of 11 following members:

No.	Name of Directors		Position
1	Mr. Tat	Wanakornkul	Managing Director
2	Mr. Wichai	Kotarattitam	Deputy Managing Director of Raw Material
3	Mr. Somkiat	Twiltermsup	Deputy Managing Director of Marketing
4	Mr. Issara	Twiltermsup	Assistant Managing Director of Corporate Affairs
5	Ms. Pornpun	Boonchairi	Assistant Managing Director of Accounting and Finance
6	Mr. Rangsan	Tawintermsup	Assistant Managing Director of Supply Chain
7	Mr. Rathavudh	Saetang	Sale and Marketing Director
8	Mr. Thanthit	Kasemsup	Business Development Director
9	Mr. Dumrong	Putiput	Technical and Project Director
10	Ms. Surawee	Puangthong	Senior Finance Manager
11	Mr. Mongkhon	Artsavatumnant	Accounting Manager

Scope of Duties and Responsibilities of the Managing Director

1. To be responsible for the Company's day-to-day operations and/or management, as well as for supervising general operations to be in line with policies, business strategy, goals and operating plans, financial targets and budgets of the Company as approved by the Board of Directors.

2. To consider, negotiate, and approve for engaging into any juristic acts and/or taking actions, which involve some money for not more than Baht 10 million, related to the Company's day-to-day operations and/or management.

3. To consider the engagement into any juristic acts, and/or to negotiate for any contracts related to any operations or undertaking in connection with the Company's day-to-day operations and/or management, which

involve some money higher than the determined amount, in order to provide some opinions and propose such matter to the Board of Directors and/or the Executive Committee for further screening and finding out the solutions.

4. To set up certain trading conditions, e.g. line of credit, period of payment, entering into a contract of sale, changes of trading terms, etc. and such transactions involve some money not more than Baht 10 million.

5. To recruit, appoint, remove, transfer, dismiss, and set up the scope of authority, duties and appropriate benefits for employees of the Company, who hold position of the Department Manager or lower according to the policies settled by the Executive Committee.

6. To recruit, appoint, remove, transfer, dismiss, and set up the scope of authority, duties and appropriate benefits for top management of the Company, who hold position of the Deputy Managing Director up to position of Line Executive or equivalent in accordance with policies established by the Board of Directors and/or the Nomination and Remuneration Committee.

7. To appoint some advisors in any fields necessary for the Company's day-to-day operations and/or management.

8. To appoint and/or empower any person or persons to take acts under the scope of authority of the Managing Director as the Managing Director considers it is appropriate whereas such empowerment may be cancelled, revoked or revised by the Managing Director.

9. To have any authority, duties and responsibilities as assigned or subject to policies given by the Board of Directors and/or the Executive Committee.

3. Nomination of Directors and Executives

The Company has appointed The Nomination and Remuneration Committee to consider and prescribe criteria and policy on nomination of suitable candidates to assume position of directors, and propose to shareholders' meeting. Minor shareholders have been given opportunity as another channel to propose suitable candidates for directors. Criteria and procedures are prescribed in the Company's Articles of Association as follows :

The Company has given an opportunity to our shareholders to propose agendas and to nominate person to be elected from November 2014 unit February 2015, in advance in compliance with the criteria as announced on the Company's website at www.kbs.co.th under " Investor Relations" page, Shareholder information" section and item " General Meeting of Shareholders".

Criteria and procedures are prescribed in the Company's Articles of Association as follows :

1. A shareholder shall have votes in a number equals to the number of shares he holds.

2. In case that the number of persons nominated for the office of director is greater than that required in that election, the shareholders shall vote for each nominated person. In casting votes, each person was elected by the shareholders shall receive the number of votes equals to the number of shares which each shareholder holds. In case of voting for more than one director, each shareholder is not permitted to distribute his/her votes as he/she pleases .The persons who receive the highest votes which are arranged in order from higher to lower in a number equal to that of directors whom to be appointed by electing as the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required or elected at that time, the chairman of the meeting shall give the casting vote.

Qualifications of the Independent Director

The company has the qualification of independent director in accordance with the Notification of the Securities and Exchange Commission and the Stock Exchange of Thailand.

1. Holding shares not exceeding one percent of the total number of shares having voting rights of the Company, subsidiary, major shareholder or controlling person of the Company, including the shares held by related persons ;

2. Neither being nor having been a director having involvement in the management, employee, staff, advisor receiving regular salary or controlling person of the Company, subsidiary at the same level, major shareholder or controlling person of the Company, unless such prohibited characteristic has ended not less than two years prior to appointment, except where such independent director was a public servant or an advisor of the government sector, as major shareholder or controlling person of the Company.

3. Not being a person having relationship by blood or by registration under laws in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring of any executive, major shareholder, controlling person or nominated person to be an executive or controlling person of the Company or subsidiary.

4. Having no or having business relationship with the Company, subsidiary, major shareholder or controlling person of the Company in the manner which may obstruct the exercise of his/her independent discretion, and neither being nor having been a shareholder or controlling person of those who have business relationship with the Company, subsidiary, major shareholder or controlling person of the Company, unless such prohibited characteristic has ended not less than two years prior to appointment. The aforesaid business relationship includes any transaction in the ordinary course of business, rental or lease of immovable property, transaction relating to assets or services, or provision or acceptance of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which cause the Company or its contractual party to be subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or Baht twenty million or more, whichever is lower. Such indebtedness shall be calculated according to the calculation method of connected transaction value under the Notification of the Capital Market Supervisory Board, rules on Connected Transactions, mutatis mutandis. However, the consideration of such indebtedness shall include the indebtedness incurred during the course of one year prior to commencement of business relationship with any of such person.

5. Neither being nor having been an auditor of the Company, subsidiary, major shareholder or controlling person of the Company, and not being a shareholder, controlling person or partner of the audit firm which employs auditor of the Company, subsidiary, major shareholder or controlling person of the Company, unless such prohibited characteristic has ended not less than two years prior to appointment.

6. Neither being nor having been any professional service provider, including legal advisor or financial advisor receiving fee more than Baht two million per year from the Company, subsidiary, major shareholder or controlling person of the Company, and not being a shareholder, controlling person or partner of such professional service provider, unless such prohibited characteristic has ended not less than two years prior to appointment.

7. Not being a director appointed of the same nature as representative of the Company's directors, major shareholder or shareholders who are related persons of any major shareholder.

8. Not operating a business as and in competition with the business of the Company or subsidiary, or not being a partner, or being a director having involvement in the management, employee, staff, advisor receiving regular salary or holding shares exceeding one percent of the total number of shares having voting rights of other companies which operate a business of the same nature as and in competition with the business of the Company or subsidiary.

9. Having no other characteristics which prevent the provision of independent opinion regarding the Company's business.

4. Remuneration of directors and executive

The Company has specified the remuneration for directors at the rate used within the industry. The remuneration is also sufficient to maintain quality directors with the Company. The remuneration for the management is in accordance with the Company's operational performance and performance of the individuals.

The Nomination and Remuneration Committee will determine necessary and appropriate remuneration, both monetary and non-monetary terms for the Company's directors, members of the sub-committees and the managing director including provided remuneration for directors and members of the sub-committee shall be proposed to the Company's general shareholders' meeting which is held on an annual basis.

4.1 Remuneration of directors

Details of remuneration of The Board of Directors and the Board of Committees in the meeting allowance and annual remuneration are as the following :

Name	2013			2014			2015		
	Meeting Allowance	Annual Remuneration	Total	Meeting Allowance	Annual Remuneration	Total	Meeting Allowance	Annual Remuneration	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
1. Mr. Suthep Wongvorazathe	220,000	687,500	907,500	105,000	528,000	633,000	90,000	528,000	618,000
2. Mr. Takon Tawintermsup	175,000	602,500	777,500	229,000	396,000	625,000	276,000	396,000	672,000
3. Mr. Somkiat Twiltermisup	160,000	385,000	545,000	230,000	462,000	692,000	228,000	462,000	690,000
4. Mr. Tat Wanakornkul	30,000	96,250	126,250	230,000	462,000	692,000	216,000	462,000	678,000
5. Mr. Issara Twiltermisup	150,000	385,000	535,000	218,000	462,000	680,000	216,000	462,000	678,000
6. Mr. Amnat Rumpoeypong	110,000	357,500	467,500	80,000	330,000	410,000	72,000	330,000	402,000
7. Mr. Sran Smutkochorn	115,000	440,000	555,000	116,000	528,000	644,000	66,000	528,000	594,000
8. Dr. Thawatchai Nakata	110,000	330,000	440,000	85,000	396,000	481,000	78,000	396,000	474,000
9. Mr. Chusak Prachyangkhapreecha	20,000	68,750	88,750	-	-	-	-	-	-
10. Ms. Suvimol Krittayakian	110,000	275,000	385,000	139,000	396,000	535,000	132,000	396,000	528,000
11. Mr. Prathueng Srirodbang	90,000	206,250	296,250	116,000	330,000	446,000	24,000	-	24,000
12. Mr. Voravit Rojrapitada	20,000	96,250	116,250	150,000	462,000	612,000	120,000	462,000	582,000
13. Mr. Suwat Summasshipvitsavakul	-	-	-	-	-	-	84,000	330,000	414,000
Total	1,310,000	3,930,000	5,240,000	1,698,000	4,752,000	6,450,000	1,602,000	4,752,000	6,354,000

4.2 Remuneration of executives

Remunerations	Year of 2013	Year of 2014	Year of 2015
	Baht	Baht	Baht
Salaries, bonus etc	48,964,605	47,696,438	46,205,088

Policy on the Use of Inside Information

The Company takes a measure to prevent the use of inside information; the Company's employees at every level must not disclose any confidential information of the Company to the third party. The use of such inside information by any of its employees must be under the duties and responsibilities specifically assigned to them only. The Guideline for

Prevention of Use of Inside Information is prepared in a written form, and approved by the Meeting of the Board of Directors, No. 3/2010 held on 13 October 2010. The Company's employees and executives have been universally informed of such guideline by circular notices for strict compliance.

The Company lays down the following policies and methods preventing its directors, executives and employees to use the material inside information of the Company for their private benefits and for the trading of the Company's securities:

1. The company sets up a preventive measure for the use of inside information; a provision is set forth in the Code of Conduct and Working Regulations of the Company prescribing that the directors, executives, and employees of the Company are forbidden to disclose or utilize such material inside information for their personal interest.

2. The directors, executives, and employees of the Company should avoid using the Inside Information in purchasing or selling the Company's shares for their personal interest or in offering any inside information to the third party for the benefit of selling and purchasing the Company's shares.

3. The directors, executives, and employees of the Company should avoid and suspend the trading of securities of the Company for a period of 1 month prior to the disclosure of its financial statements as well as other important information to the public. The suspension of trading should take at least 24-48 hours after the disclosure of such information to the public.

4. The Company has always educated all its directors and executives about the duties of reporting their shareholding in the Company, as well as any related penalties in accordance with the Public Limited Company Act, B.E. 2535 (as amended) ("Public Limited Company Act") and the Securities and Exchange Act, B.E. 2535 (as amended) ("Securities and Exchange Act"), of reporting the interests of directors and executives, the prohibitions on the use of material inside information of the Company in the securities trading, as well as all related penalties in accordance with the Securities and Exchange Act.

Directors and Management Profile



Mr. Suthep Wongvorazathe

Age 68 years old

Position Chairman

Education

- Master degree of Business Administration
University of Wisconsin

Director Training Program

- Director Certification Program (DAP)
48/2005

Experiences

- Chairman of Executive Director and
Director Export-Import Bank of Thailand
- Director Office of the Board of Investment

5 years experience in other Listed Company

- Chairman, Chairman of Nominating and
Compensation Committee and Chairman
of Investment Committee
Seamico Securities Plc
- Independent Director, Member of Audit
Committee and Member of Nomination
and Remuneration Committee
Bangchak Petroleum Plc
- Chairman of Audit Committee
Chumporn Palm Oil Industry Plc

Mr. Takon Tawintermsup

Age 61 years old

Position Chairman of Executive Committee

Education

- Graduated in Secondary School
Matthayom Wat Thatthong school

Director Training Program

- Director Certification Program (DAP)
32/2003
- Finance for Non-Finance Director (FND)
5/2003

Experiences

- Chairman of Executive Committee
- Chumporn Palm Oil Industry Plc
- Director Khonburi Power Plant Co., Ltd.
- Director Khonburi Bio Energy Co., Ltd.
- Director KBS Trading Co., Ltd.

5 years experience in other Listed Company

- Chairman of Executive Committee
Chumporn Palm Oil Industry Plc





Mr. Somkiat Twiltermsup

Age 54 years old
 Position Director
 Executive Director
 Member of Risk Management
 Committee
 Assistant Managing Director of
 Marketing

Education

- Bachelor of Arts in Accountancy,
 Finance and Economics University of Essex

Director Training Program

- Director Accreditation Program (DAP)
 90/2011

Experiences

- Director Khonburi Power Plant Co., Ltd.
 - Director Khonburi Bio Energy Co., Ltd.
 - Director KBS Trading Co., Ltd.
- 5 years experience in other Listed Company
- None

Mr. Issara Twiltermsup

Age 38 years old
 Position Director
 Executive Director
 Member of Risk Management Committee
 Assistant Managing Director of
 Corporate Affairs

Education

- Bachelor of Science Industrial Management
 with an additional Major in Economics
 Carnegie Mellon University
- Bachelor of Law Thammasat University

Director Training Program

- Director Certification Program (DCP)
 132/2010
- Financial Statements for Directors (FSD)
 7/2010

- Director Accreditation Program (DAP)
 78/2009

Experience

- Director Peerapat Technology Plc
 - Director Khonburi Power Plant Co., Ltd.
 - Director Khonburi Bio Energy Co., Ltd.
 - Director KBS Trading Co., Ltd.
- 5 years experience in other Listed Company
- None





Mr. Tat Wanakornkul

Age 62 years old
 Position Director
 Executive Director
 Member of Risk Management
 Committee
 Managing Director

Education

- Master of Business Administration,
 Faculty of Commerce and Accountancy
 Thammasat University
- Bachelor degree of Pharmacy,
 Mahidol University

Director Training Program

- Directors Accreditation Program (DAP)
 89/2011

Experience

- Managing Director Siam Food Products
 Co., Ltd.
 - Director Khonburi Power Plant Co., Ltd.
 - Director Khonburi Bio Energy Co., Ltd.
 - Director KBS Trading Co., Ltd.
- 5 years experience in other Listed Company
- None

Mr. Amnart Rumpoeypong

Age 40 years old
 Position Director
 Member of Risk Management
 Committee
 Member of Nomination and
 Remuneration Committee

Education

- Master of Business Administration
 Chulalongkorn University
- Bachelor of International Business
 University of North Carolina at Charlotte

Director Training Program

- Director Accreditation Program (DAP)
 82/2009

Experience

- Director and Deputy Managing Director
 N.Y. Rubber Co., Ltd.
 - Director and Deputy Managing Director
 N.Y. Plantation Co., Ltd.
 - Deputy Managing Director
 N.Y. Development Co., Ltd.
- 5 years experience in other Listed Company
- None





Mr. Sran Smutkochorn

Age 51 years old
 Position Independent Director
 Chairman of Risk Management Committee
 Member of Nomination and Remuneration Committee

Education

- Master degree of Economics University of California, Los Angeles
- Bachelor degree of Economics University of California, Northridge

Director Training Program

- Director Accreditation Program (DAP) 42/2005

Experience

- Chairman of Audit Committee SF Corporation Public Company Limited
- Advise to Board LMG Harrods Thailand
- Executive Vice President L Food Solutions Co., Ltd
- Management Committee LOXLEY Plc
- Executive Vice President LOXLEY Trading Co., Ltd
- Executive Vice President LOXLEY International Co., Ltd
- Managing Director Yum Restaurants International (Thailand) Co., Ltd

5 years experience in other Listed Company

- Management Committee LOXLEY Plc

Dr. Tawatchai Nakhata

Age 68 years old
 Position Chairman of Audit Committee and Independent Director

Education

- Ph.D. University of Illinois at Urbana-Champaign

Director Training Program

- Audit Committee Program (ACP) 13/2006
- Director Accreditation Program (DAP) 52/2006

Experiences

- Chairman and Director Share Group Co., Ltd. (Japan)
- Director Property Perfect International Co., Ltd. (Singapore)
- Chairman We Retail Co., Ltd.
- Chief Executive Director and Chairman Property Perfect Plc

5 years experience in other Listed Company

- Chief Executive Director and Chairman Property Perfect Plc





Ms. Suvimol Krittayakiern

Age 64 years old
 Position Chairman of Audit Committee

Education

- Master Degree of Accountancy
Chulalongkorn University
- Bachelor Degree of Accountancy
Chulalongkorn University

Director Training Program

- Director Certification Program (DCP)
92/2007
- Audit Committee Program (ACP) 36/2011

Experiences

- Executive Director
DIA International Co., Ltd
 - Director 75 C P E Co., Ltd
 - Director DIA Audit Co., Ltd
- 5 years experience in other Listed Company
- None

Mr. Suwat Summasshipvitsavakul

Age 63 years old
 Position Independent Director
 Member of Audit Committee

Education

- Senior Executive Program (SEP)
SASIN Graduate Institute Of
Business Administration
Chulalongkorn University 16/2002
- Agricultural Trade Finance in USA.
Sponsored by Cochran Fellowship Program
1999
- Master Degree in Business Administration
National Institute of Development
Administration

Director Training Program

- Directors Certification Program (DCP)
42/2004

Experiences

- Member of Executive Committee Güssing
Renewable Energy (Thailand) Co.,Ltd
 - Assistant Managing Director,
CIMB Thai Bank Pcl
 - Senior Manager Bank of Ayudhya Pcl
- 5 years experience in other Listed Company
- None





Mr. Voravit Rojrapitada

Age 72 years old
 Position Independent Director
 Member of Audit Committee

Education

- Certificate Assumption Commercial College
- Mini M.B.A. Thammasat University
- Advanced Course in General (Non-Life) Insurance Swiss Insurance Training Centre, Switzerland
- Skandia Insurance Management, Philippines

Director Training Program

- Director Certification Program (DCP) 27/2003

Experiences

- Director, Company Secretary and Advisor Bangkok Insurance Plc
- 5 years experience in other Listed Company
- Director and Company Secretary and Adviser Bangkok Insurance Plc

Mr. Wichai Kotaratititam

Age 59 years old
 Position Deputy Managing Director- Raw material Division

Education

- Master of Technology, Massey University, New Zealand
- Bachelor of Food Science and Technology Chiang Mai University

Director Training Program

- None

Experiences

- Executive Vice President MRT-TCC Sugar Investment Cambodia business - TCC group
 - Managing Director Suvannaphum Investment Co., Ltd
 - Project Solution Director Mitr Phol Sugar Co., Ltd
- 5 years experience in other Listed Company
- None





Mrs. Pornpun Boonchaisri

Age 63 years old
 Position Assistant Managing Director of
 Accounting & Finance

Education

- Master of Art in Economic Law
 Chulalongkorn University
- Bachelor of Accountancy
 Chulalongkorn University

Director Training Program

- Director Accreditation Program (DAP)
 90/2011

Experiences

- Deputy Managing Director
 Blue Star Marketing Co., Ltd
- 5 years experience in other Listed Company
- None

Mr. Rangsan Tawintermsup

Age 33 years old
 Position Assistant Managing Director of
 Supply Chain

Education

- M Phil Industrial Systems, Manufacture and
 Management University of Cambridge,
 Trinity College, UK
- BA (Honors) Mathematics
 University of Cambridge, Trinity College, UK

Director Training Program

- None

Experiences

- Senior Advisor
 Chumporn Palm Oil Industry PLC
 - Trading Manager
 Glencore Singapore Pte Ltd, Singapore
 - Associate Nomura International, Singapore
- 5 years experience in other Listed Company
- None





Ms. Rathavudh Saetang

Age 57 years old

Position Sale and Marketing Director

Education

- Master of Business Administration (EMBA)
National Institute of Development
Administration (NIDA)

Director Training Program

- None

Experiences

- Deputy Manager Mittr Phol Sugar Co., Ltd
5 years experience in other Listed Company
- None

Mr. Thanthit Kasemsup

Age 40 years old

Position Business Development Director

Education

- Master of Business And Administration (MBA)
University of Illinois at Urbana-Champaign
- Bachelor of Accounting
Thammasat University

Director Training Program

- None

Experiences

- Vice President, Investment Banking
Kasikorn Securities Plc
5 years experience in other Listed Company
- None





Mr. Dumrong Putiput

Age 54 years old
Position Technical and Project Director

Education

- Bachelor of Engineering (Industrial Engineering) Rajamangala University of Technology Phra Nakon
- Certificate of Master Industrial Management (MINI MIM) King's Mongkut Institute of Technology, North Bangkok

Director Training Program

- None

Experiences

- Project Director, Cristalla Co., Ltd
- 5 years experience in other Listed Company
- None

Mr. Thien Keawpradub

Age 50 years old
Position Technical Director

Education

- Diploma of Mechanical Rajamongala University of Technology Nonthaburi

Director Training Program

- None

Experiences

- Maintenance Manager Mitr Phol Sugar Group
- Operation Manager EGCOT (ESCO) Group
- Power Plant Supervisor PTT Group

5 years experience in other Listed Company

- None





Ms. Surawee Puangthong

Age 52 years old
 Position Assistance Manager Accounting & Finance

Education

- Master of Business Administration Accounting Siam University
- Bachelor of Accounting Dhonburi Rajabhat University
- Bachelor of General Management Dhonburi Rajabhat University
- Director Training Program

- Director Accreditation Program (DAP) 90/2011

Experiences

- Accountant Thai Advanced Textile Co., Ltd
 - Accountant Rungruang Palm Oil Co., Ltd
 - Accounting and Finance Thai Nam Plastic Co., Ltd
 - Accounting and Finance Officer Sang Thai Pattana Co., Ltd
- 5 years experience in other Listed Company
- None

Mr. Mongkhon Artsavatumnant

Age 38 years old
 Position Accounting Manager

Education

- Master of Accountancy Chulalongkorn University
- Bachelor of Accounting Kasetsart University

Director Training Program

- Certified Public Accountant Thai Institute of Directors Association (IOD)

Experiences

- Senior Audit Manager Dr. Virach & Associates Office Co., Ltd.
- 5 years experience in other Listed Company
- None



Corporate Governance

The Board of Directors of the Company do believe that the good corporate governance is an essence for the Company for its added value, sustainable business growth, and competitiveness, which shall trigger the long-term growth and higher value for the shareholders. The corporation of governance reflects the efficient, transparent and verifiable management system of the Company, which certainly makes the Company's shareholders, investors, stakeholders and all other related parties have trust and confidence.

1. Rights of Shareholders

The Board of Directors is always concerned and valued the rights of the Company's shareholders; therefore, the corporate governance policy is placed by regarding with the basic rights of all shareholders. The related important policies are described below.

1.1 Disclosure of Information about the Meetings of Shareholders

The Company lays down a policy of providing the information, adequacy and timing, to all of its shareholders about the date, time, venue, agendas of each meeting of the shareholders, as well as all other related issues for any decision-making in the meetings of shareholders as required by law. The Company may inform the shareholders of the rules of attending such meeting of the shareholders, and the procedure of voting for resolution. Such information shall be disclosed in the Company's website prior to the meeting date and submission of documents so that the shareholders have adequate time to investigate any information about meeting agendas in advance before receiving that information in a hard copy form.

The Company also places a policy of not taking any acts that restrict the shareholders' opportunities in investigating the Company's information about the meeting of the shareholders.

The Company has The Investor Relation which is assigned to act as a company representative responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, investors, shareholders, and analysts from www.kbs.co.th at the Investor Relation page.

1.2 Procedure of the Meeting of Shareholders

The Company sets up a policy of facilitating the shareholders' exercise of rights in attending and voting in a meeting of the shareholders. The Company shall omit to do any acts that restrict the shareholders' attendance in the meeting. For example, the attendance in the meeting to vote should not be under the complicated procedure or extravagant expenses.

The Company also encourages all shareholders to share their opinions, or to raise any questions about any of the meeting agendas to the meeting of the shareholders. The Chairman of the meeting of the shareholders should allocate sufficient time to the shareholders. Some shareholders may submit their questions relating to any of the meeting agendas prior to the meeting date as the Board of Directors deems appropriately.

The Company's policy is to encourage all directors to attend every meeting of the shareholders.

2. Equitable Treatment to Shareholders

The Board of Directors has concerned and valued the equitable treatment to all shareholders. No discrimination is shown to any of the shareholders due to differences in their status, except the status of shareholders. For example, the shareholders who are the executive board members or the foreign shareholders shall be treated equitably and fairly.

The Board of Directors prescribes the corporate governance policy by regarding with various factors, as well as the equitable treatment to all shareholders. The important policies related to this matter include :

2.1 Proposal for Additional Agendas in the Meetings of Shareholders

The Company has a policy of facilitating the minority of shareholders who require proposing the additional agendas prior to the meeting of the shareholders. However, the proposal for the additional agendas, and the consideration for such proposal by the shareholders must be subject to the Company's rules.

The majority of shareholders, who are the Company's executives, shall not propose other additional agendas, particularly some important agendas, without notifying the shareholders in advance to ensure that every shareholder has sufficient time for data investigation before making decisions on voting.

2.2 Nomination of the Directors of the Company

The Company has a policy about the minority of shareholders' nomination of any person to hold a position of the director. Such nomination for the position of the director, and the consideration for such proposal by the shareholders must be subject to the Company's rules.

2.3 Proxy of Shareholders in case of Absence from the Meeting

The Company has a policy of encouraging the shareholders to use the proxy to enable the shareholders to determine the direction of voting. At least one independent director should be proposed for the shareholders' proxy. Such proxy form shall be delivered by the Company, along with the invitation letter for the meeting of the shareholders to every shareholder.

2.4 Use of Ballot Tickets for Significant Agendas

The Company has a policy of using the ballot tickets for any significant agendas, e.g. connected transactions, acquisition or disposal of significant assets, etc. for the transparency and verification of voting in case of any arguments.

2.5 Appointment of Directors

The Company places a policy of encouraging the shareholders to exercise their right in appointing each director.

2.6 Guidance on Retention and Prevention of the Use of the Internal Information

The Company issues the written guidance on retention and prevention of the use of the internal information. This guidance is informed to all employees in the organization for their compliance. Every director and executive has a duty of reporting his interest or stake to the Company as required by law.

3. Roles of Stakeholders

The Board of Director places importance on all stakeholders such as shareholders, investors, customers, creditors, business partners communities and the society or Government Sector. Various stakeholders such as competitors and independent auditors.

3.1 Shareholder and Investor

The company give importance to shareholder by adhering to the principle of fairness and it is committed to conduct its business with transparency, prudence and emphasis on sustainable long-term growth with good returns in order to create the highest satisfaction for shareholders. The Company has established procedures to prevent the use of inside information for the personal interests of directors and executives, in order to protect the interests of shareholders.

3.2 Customers

The Company gives importance to and cares for customers with the highest responsibility. The Company is determined to give customers the greatest satisfaction in terms of both quality and value for money through quality control of products and services.

3.3 Employees

The Company's employees are valuable resources and keys to successfully achieving its setting goals. The Company has remuneration and welfare system that is fair and appropriate. The Company also provides various welfares to employees such as uniforms, nursing rooms, health insurance, provident fund and so forth. Moreover, the Company also encourages continuously in developing its employees' knowledge and skills, focuses on the quality by assisting all employees and family by raising the fund and as well to arrange housing loans for them and so forth. The Company organizes regular fire drills, activities related to safety and 5S, and should establish a safety prevention system.

3.4 Creditors

The Company adheres to the contracts and being fair to creditors according to the priority of the obligations in line with the contracts entered into.

3.5 Business partners

The Company's suppliers are treated appropriately, honestly, transparently, fairly and equitably.

3.6 Society and Communities

The Company is realized that acceptance and supporting from society and communities enable the Company to manage its business in smooth and sustainable manner, the Company is committed to be responsible for society, communities and the nation.

3.7 Competitors

The Company operates its business with integrity without any legal or ethical wrongdoings. Company does not seek its competitors' trade secrets through illegal means nor breach agreements to disclose its competitors' information whether receive from customers or other persons.

4. Disclosure and Transparency

The Company has a policy of disclosing the important information related to the Company, which includes the financial and non-financial information accurately, completely, timely, and transparently via any channels allowing the general people to access to the Company's information smoothly, equitably and creditably.

4.1 Internal Control and Connected Transactions with Potential Conflicts of Interest

The Company has a policy of preventing and wiping out the potential conflicts of interest by setting up a rule that any deal and/or transaction possibly causing the conflicts of interest shall be in accordance with the rules and procedure prescribed by the Company and other related applicable laws.

The Company shall not allow the Company's directors, executives, and/or major shareholders, whichever case may be, to operate the businesses that are similar or compete with or have the connected transactions in the manner that they engage other interests against the best interest of the Company or its subsidiaries. The Company's executives and/or major shareholders, whichever case may be, must submit the reports to the Company if any of executives or major shareholders acquires some shares in a company whose business operation is similar to that of the Company or its subsidiaries in order that the Company and the Audit Committee consider whether such shareholding is against the best interest of the Company and its subsidiaries or not.

The Company values a good internal control system. The Internal Audit Department is empowered to audit the working of every working unit to prevent defects, and to ensure the work transparency. The auditing shall be done periodically, and the auditing report shall be submitted for the Audit Committee's consideration.

4.2 Disclosure of Information

The Company's has to disclose the Company's information to its shareholders via the channels provided by the SET and via the Company's website www.kbs.co.th at the Investor Relation page. The Company has an Investor Relations is assigned to act as a company representative to be responsible for communication, provision of information services, and dissemination of news and information about the Company's activities to institutions, shareholders, investors, analysts and general public. Who have any inquiry and would like to obtain information about the Company can contact the Investor Relations at :

Managing Director Office Department
Khonburi Sugar Public Company Limited
Tel. : (02) 725-4888 Ext. 4814
Fax. : (02) 725-4877
E-mail : Thanathorns.s@kbs.co.th

4.3 Disclosure of Corporate Governance Policy

The Company discloses the corporate governance policy as approved, and the implementations of such policy via several channels, e.g. annual reports and the Company's website : www.kbs.co.th

4.4 Statement on Responsibilities of the Board of Directors to the Financial Statements

The Company publishes the director's responsibilities to financial statement along with the auditor report in annual report. The report contains contents which conforms to accounting principles and financial report that presents accurate, complete, and factual information in compliance with accounting standards. This report is signed by both Chairman and Chairman of Executive Committee.

4.5 Disclosure of Roles and Duties of the Board of Directors and Sub-committees

The Company's management structure comprises five committees, including the Board of Directors, Audit Committee Risk Management Committee and the Executive Board Directors (details in Shareholding Structure and Management). In the year 2014, the following committee members attended each committee's meetings :

Name Of Director	Board Of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Executive Board Directors
1. Mr. Suthep Wongvorazathe	5/5	-	-	-	-
2. Mr. Takon Tawintermsup	5/5	-	-	-	12/13
3. Mr. Somkiat Twiltermsup	5/5	-	1/1	-	13/13
4. Mr. Tat Wanakornkul	5/5	-	1/1	-	12/13
5. Mr. Issara Twiltermsup	5/5	-	1/1	-	12/13
6. Mr. Amnart Rumpoeypong	5/5	-	-	1/1	-
7. Mr. Sran Smutkochorn	3/5	-	1/1	1/1	-
8. Dr. Thawatchai Nakata	5/5	-	-	1/1	-
9. Ms. Suvimol Krittayakiern	5/5	4/4	-	-	-
10. Mr. Voravit Rojrapitada	5/5	4/4	1/1	-	-
11. Mr. Prathueng Sirodbang	1/1	1/1	-	-	-
12. Mr. Suwat Summasshipvitsavakul	4/5	3/3	-	-	-

5. Responsibilities of the Board

The Company recognizes the importance of seeking for the Company's directors equipped with leadership, vision, experience, knowledge and competence, independence in making decisions for the best interest of the Company and the general shareholders, and apparent segregation of roles, duties and responsibilities between the Board of Directors and the Management. The Board of Directors shall take care of the Company's working system to ensure that all company activities are done legally and ethically.

The Company places the corporate governance policy by considering various factors as well as the responsibilities of the directors. The important policies of this matter include :

5.1 Structure of the Board of Directors

1. The Annual General Meeting of shareholders 2010 determines the number of Directors shall hold office for nine persons. Therefore, each director's term lasts approximately three years.

2. All directors shall be legally qualified and shall not possess any characteristics prohibited by law.

3. The Board of Directors shall comprise the independent directors, as four Independent Directors. The Independent Director of the Company shall be legally qualified and shall not possess any characteristics prohibited by the Board of Directors. The directorship qualifications prescribed by the Board of Directors are as strict as those required by the Securities and Exchange Commission.

The Company determines the scope of duties and authorities of the Board of Directors and the Managing Director apparently. The Chairman of the Board and the Managing Director are two different persons in order to separate between the duties of governing the executives' work, and the duties of managing the Company's work.

4. The Company requires that all directors and top management of the Company's report to the Company, the information about any of their work in the positions of executive directors who are empowered to control any other company limited or public company limited, and partnership manager in any other ordinary partnership, or junior partner in any limited liability partnership pursuant to the rules and procedure required by the Board of Directors.

5. On November 30, 2010 The Board of Directors approved the appointment of Ms.Thanathorn Sukaram is the company secretary, with the Securities and Exchange Act (No. 4) B.E. 2551 Section 89/15, the results of the Good corporate governance, the role and responsibilities of the Board of Directors and shareholders and coordination and monitoring compliance with the resolution of the Board of Directors and shareholders. As well it is vital to care to advise the committee on rules and administration, to practice the storage of important documents of the company, as well as other operations of The Capital Market Supervisory Board (CMSB).

5.2 Sub-committees

The Company set up three sub-committees, including Audit Committee, the Executive Committee, Risk Management Committee and the Nomination and Remuneration Committee prescribed their duties and responsibilities (details in Shareholding Structure and Management).

The Audit Committee consists of directors who are independent and not an executive of 3 members, with 1 in 3 person is Mrs. Suvimol Kittayakiern having right to have sufficient knowledge and experience to verify the reliability of the financial statements.

5.3 Roles, Duties and Responsibilities of the Board of Directors

The Company disclosed the scope duties and responsibilities of the Board of Directors and Sub-committees (details in Shareholding Structure and Management).

5.4 Meetings of the Board of Directors

1. The Company holds board meetings and informs each board member of upcoming meeting in advance. In the year 2012, six board meeting were convened. In each board meeting, The Chairman of Board Director, the Board of Directors, Managing Director and the Company Secretary jointly review meeting agenda to ensure that vital matters are included in the agenda.

2. The Company Secretary delivers meeting documents to directors in advance. The document has been prepared concisely as possible. The Chairman will allocate sufficient time for such discussion. For any issue which still lacks sufficient information the director can always request additional information from the Company Secretary.

3. The Company shall have the Management propose the work performance reports to the Board of Directors regularly to enable the Board of Directors to govern, control, and take care of the Management's working continuously and timely.

4. The Chairman of the Board shall call for the board meetings, and determine the meeting agendas by discussing with the Managing Director, the Company Secretary, or the advisors of the Company. Each director retains the right in proposing any agenda to the board meeting.

5. The Board of Directors may invite any executives, employees, or advisors of the Company to attend the board meeting to provide some additional information to the meeting.

6. The Board of Directors may access to any additional necessary information to be provided by the Managing Director and the Company Secretary. Other executives assigned by the Board shall have the right to access to it.

7. The Board of Directors places a policy that the non-executive directors may arrange an internal meeting as it deems necessarily to discuss any interesting management problems, in which no management members attend. The Managing Director should inform of the meeting outcome.

5.5 Self-assessment of the Board of Directors

1. The Board of Directors should regularly arrange the self-assessment so that the board members can mutually consider their performance and problems for further improvement. The Board also determines the performance typical criterion to compare with the board members' work performance.

2. The Board of Directors should arrange the board evaluation in general and/or in any specific aspects.

6. Internal Audit Office

The Company has recognized that the good audit shall boost the working efficiency of the Company. To ensure such efficiency, the Internal Audit Office was established with the following scope of power and duties :

1. To prepare the annual audit plan that contains the goals and the importance of audit.

2. To take care of the preparation of the audit program that must be in line with the annual audit plan.

3. To take care of and carry out the audit activities pursuant to the audit program.

4. To have meetings to give advice and to share opinions about the audit results with every audited department.

5. To take care of the preparation of the audit results report.

6. To take care of and monitor the results of improvement and remedies pursuant to the comments and advice given.

7. To take care of the maintenance or destruction of audited documents in accordance with the internal audit procedure.

8. To take care of the organization assets to avoid any possible damages. At present, the Company employs an internal audit manager and the other four internal audit officers, who have engaged some experience in the credit granted to the sugar mills, and in the internal audit.

Related Transactions

Related transactions of the Company and companies related to party with potential conflict of interest for financial statements of 2015 ended December 31, 2015 and 2014

Party/Juristic Entity with potential conflict of interest	Relationship	Characteristics of related transactions	Value of Transactions (Thousand Baht)		Necessity/ Reasonableness of Transactions	Opinion of Audit Committee
			Accounting period ended December 31, 2015	Accounting period ended December 31, 2014		
1. Sugar Trading Company Limited	<ul style="list-style-type: none"> • Being related company • Having joint shareholders/directors 	<ul style="list-style-type: none"> - Export service charge 	13,123	9,491	<ul style="list-style-type: none"> - The Company appointed Sugar Trading Company Limited, which has been approved by the Cane and Sugar Board to export sugar pursuant to Cane and Sugar Act, as the Company's representative for sugar export to overseas 	<ul style="list-style-type: none"> - The appointment of Sugar Trading Company Limited as a representative for export activities and the receipt of export financing from a commercial bank through Sugar Trading Company Limited were in accord with business necessity for the compliance with applicable laws
		<ul style="list-style-type: none"> - Interest payable - Short-term loan 	11,979	15,906	<ul style="list-style-type: none"> - Sugar Trading Company Limited had entered into export financing agreement with a commercial bank for the Company in the name of Sugar Trading Company Limited in order to receive financial support, and will transfer the money being received under credit facility to the Company, whereby the Company will issue promissory note for Sugar Trading Company Limited at the same rate of interest that Sugar Trading Company Limited is required to pay to such commercial bank 	<ul style="list-style-type: none"> - The rate of service charge for being export representative and related interest rate, were considered as reasonable rates
		<ul style="list-style-type: none"> - Dividend receivable 	262	262	<ul style="list-style-type: none"> - The Company considered it as other long-term loan 	
		<ul style="list-style-type: none"> - Trade accounts receivable and payable 	(837)	(6,173)	<ul style="list-style-type: none"> - Sugar was borrowed between sugar factories, whereby Sugar Trading Company Limited acted as representative for export management of sugar under supervision of Sugar Trading Company Limited. 	


Party/Juristic Entity with potential conflict of interest	Relationship	Characteristics of related transactions	Value of Transactions (Thousand Baht)	Necessity/ Reasonableness of Transactions	Opinion of Audit Committee
			Accounting period ended December 31, 2015		
			Accounting period ended December 31, 2014		
2. Khonburi Capital Company Limited	<ul style="list-style-type: none"> Being related company Having joint shareholders/directors 	<ul style="list-style-type: none"> Building rent Equipment rent Public utility service fees and rents 	<p>9,926</p> <p>863</p> <p>1,945</p>	<p>9,585</p> <p>833</p> <p>1,773</p>	<ul style="list-style-type: none"> The Company rented the space in the building located at no.5 Sukhumvit 57, Khlong Ton Nua Sub-district, Vadhana District, Bangkok Metropolis, by entering into long-term rent agreement for a period of 2 years, 11 months and 20 days beginning from July 12, 2013 to June 30, 2016. <p>The rent agreement can be divided as follows:</p> <ol style="list-style-type: none"> Rent agreement for office space at the rate of Baht 460/square meter in the building located at no.5 Sukhumvit 57, Khlong Ton Nua Sub-district, Vadhana District, Bangkok Metropolis (Total amount of Baht 28,470,866.80 throughout agreement term) Equipment lease agreement at the rate of Baht 40/square Meter/Month (totalling Baht 2,475,727.55 throughout agreement term) Service agreement for common area at the rate of Baht 60/square Meter/Month (totalling Baht 3,713,591.32 throughout service agreement term) Service agreement for public utilities: electricity was Baht 5 per unit, and water supply was charged at the rate being charged by Metropolitan Waterworks Authority <p><u>Damage deposit</u> Damage deposit was placed to lessor at the amount of three-month rents, which was Baht 2,396,190.60, and will be refunded upon termination of agreement (termination of rent).</p>
			2,396	2,396	

Party/Juristic Entity with potential conflict of interest	Relationship	Characteristics of related transactions	Value of Transactions (Thousand Baht)		Necessity/ Reasonableness of Transactions	Opinion of Audit Committee
			Accounting period ended December 31, 2015	Accounting period ended December 31, 2014		
3. MITSUI AND CO. LTD.	<ul style="list-style-type: none"> Having major shareholders as the Company's related parties 	<ul style="list-style-type: none"> Income from sales Income from management fee 	668,484	13,853	<ul style="list-style-type: none"> The Company sold sugar to MITSUI AND CO. LTD. at the price and under conditions similar to other customers. The Company bought chemical fertilizer from MITSUI AND CO. LTD. at the price and under conditions similar to other suppliers. 	<ul style="list-style-type: none"> The transactions were in accordance with the Company's ordinary course of business, and were reasonable.
4. MITSUI & CO EUROPE PLC.	<ul style="list-style-type: none"> Being the Company's related parties through major shareholders 	<ul style="list-style-type: none"> Income from sales Income from management fee Trade accounts receivable 	10,074	517,000	<ul style="list-style-type: none"> The Company sold sugar to MITSUI AND CO. EUROPE PLC. at the price and under conditions similar to other customers. 	<ul style="list-style-type: none"> The transactions were in accordance with the Company's ordinary course of business, and were reasonable.
5. MITSUI AND CO. LTD. (Kaset Phol Sugar Co., Ltd.)	<ul style="list-style-type: none"> Being the Company's related parties through major shareholders 	<ul style="list-style-type: none"> Production cost (raw sugars) Production cost (bagasse) Trade accounts payable 	87,422	13,409	<ul style="list-style-type: none"> The Company bought sugar from Kaset Phol Sugar Co., Ltd. at the price and under conditions similar to other suppliers. 	<ul style="list-style-type: none"> The transactions were in accordance with the Company's ordinary course of business, and were reasonable.
6. MITSUI AND CO. LTD. (Kumpawapi Co., Ltd.)	<ul style="list-style-type: none"> Being the Company's related parties through major shareholders 	<ul style="list-style-type: none"> Production cost (raw sugar) Trade accounts payable 	581,688	488,572	<ul style="list-style-type: none"> The Company bought sugar from Kumpawapi Co., Ltd. at the price and under conditions similar to other suppliers. 	<ul style="list-style-type: none"> The transactions were in accordance with the Company's ordinary course of business, and were reasonable.

Report of the Board of Directors' Responsibility to the Financial Reports

The Board of Directors of Khonburi Sugar Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the financial statements of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the period as from 1 January 2015 to 31 December 2015, which are prepared according to Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance for the period as from 1 January 2015 to 31 December 2015 and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, completed, exact time and able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report. The Board of Directors believes that the Company's overall internal control system is able to create credibility and reliability for the financial statements of Khonburi Sugar Public Company Limited and its subsidiaries for the period ended 31 December 2015.



(Mr.Suthep Wongvorazathe)
Chairman



(Mr.Takol Tawintemsup)
Chairman of Executive Committee

Report of the Audit Committee

Attn: All shareholders of Khonburi Sugar Public Company Limited

The Board of Directors of the Company has appointed the Audit Committee, which involved 3 independent directors as listed below:

1. Ms. Suvimol Krittayakiern Chairman of the Audit Committee
2. Mr. Voravit Rojrapitada Audit Committee
3. Mr. Prathueng Srirodbang Audit Committee

All 3 directors have engaged good skills and experience in accounting, finance, economic, law and business. Ms. Suvimol Krittayakiern, Member of the Audit Committee, has engaged skills and experience in accounting and finance as well as other appropriate qualifications to perform her duties in reviewing creditability of financial statements as required by The Securities Exchange Commission (SEC) and The Stock Exchange of Thailand (SET)

In 2015, the Audit Committee held 4 meetings in total. One meeting was also attained by the auditor without the Company's management in order to have an independent discussion about significant issues in the preparation of financial statements, disclosure of information useful for users of those financial statements, as well as acknowledgment of auditing performance results, remarks found, and problems and hindrance in auditing.

The Audit Committee has completely performed duties assigned by the Board of Directors of the Company as specified in the Audit Committee Charter, which is in conjunction with the requirements of the SEC and the SECT, which included reviews and verification of financial statements, reviews of risk management, and reviews of internal control system. The significant points of such reviews by the Audit Committee are summarized as follows:

Reviews and verification of financial statements The Audit Committee has reviewed the Company's quarterly and yearly financial statements for Year 2015, which ended on December 31, 2015 to be proposed for the Board of Directors' consideration and approval. The Audit Committee has arranged the meetings to share opinions with the Internal Audit Department, the auditor and the Management of the Company to ensure that the financial statements have been presented accurately, completely and creditably under generally accepted accounting standards, the disclosure of financial statements have been adequate and timely for benefits of general investors and users of financial statements, and the disclosure of material information and the auditor's remarks and comments have been considered and implemented appropriately for the Company.

Reviews of connected transactions The Audit Committee has considered and reviewed the disclosure of connected transactions made between the Company and its affiliated company and subsidiaries, which possibly caused conflicts of interest as required by the notifications of the SEC and the SET. The reviewing results show that the Company's businesses have been operated under normal business conditions, fairness and rationality, and they have not caused the benefit manipulation. The Audit Committee has also reviewed the information disclosure to ensure that it has been complete and adequate by adhering to the Principle of Good Corporate Governance and notifications of the Stock Exchange of Thailand.

Reviews of good corporate governance The Board of Directors and top management have always valued the management in line with the good corporate governance so that they would be trusted by every shareholder and other related parties.

Reviews of internal control system The Audit Committee has reviewed the adequacy of the Company's internal control system in 2012 to ensure that it would drive the Company's operations to meet the preset targets and objective. The Company has consistently monitored the work improvements subject to comments in the auditing report, and opinions of the Audit Committee. Also, the internal control system has been improved to be in line with changing circumstances. The Audit Committee is of opinion that the internal control system of the Company has been adequate and efficient.

Reviews of the Company's internal audit affairs The Audit Committee has reviewed the internal audit reports submitted by the Internal Audit Office, and has also monitored the work performance of the Company and its subsidiaries in accordance with remarks and advice of the Internal Audit Office and the auditor. The Audit Committee gave an approval for the 2015 Audit Plan as proposed by the Internal Audit Office. This plan has been prepared by considering all potential risk factors. The Audit Committee has efficiently performed its duties in accordance with the Audit Committee Charter, and approved the work performance evaluation of the Internal Audit Office.

Reviews of compliance with law on securities and stock exchange, requirements of the Stock Exchange of Thailand and other related laws The Audit Committee has reviewed and strictly governed the compliance with law on securities and stock exchange, requirements of the SET and the SEC, and other laws relating to the Company's business operations.

Appointment of the external auditor for 2016 The Audit Committee considered the appointment of external auditor, independence of selected external auditor, and appropriate audit fee before proposing these matters to the Board of Directors. The Board of Directors agreed to seek approval at the 2016 Annual General Meeting of Shareholders for the appointment of Ms. Rungnapa Lertsuwankul Certified Public Auditor No. 3516 and/or Mr. Chayapol Suppasethnondha, Certified Public Auditor No. 3972 and/or Ms. Pimjai Manitkajohnkit Certified Public Auditor No. 4521, of EY Office Company Limited as the Company's certified public auditor.



(Ms. Suvimol Krittayakiern)
Chairman of the Audit Committee

Management Discussion and Analysis

1. Financial Position

1.1 Assets

As at December 31, 2015, the Company had assets amounting to Baht 10,069.1 million, which had increased from last year by Baht 2,342.1 million or 30.3 percent, with details on the change of current and non-current assets as follows:

- Current assets amounting to Baht 2,821.1 million, which was considered as similar amount of last year but had decreased by Baht 10.2 million mainly due to the following reasons:
 - Cash and cash equivalents had decreased by Baht 219.9
 - Trade and other accounts receivable had increased by Baht 42.5 million
 - Sugar cane plantation receivable had increased from last year by Baht 78.6 million due to increased promotion for sugarcane farming
 - Inventory had decreased from last year by Baht 47.7 million
 - The Company had derivatives assets as at December 31, 2015 amounting to Baht 19.9 million
 - Other current assets had increased by Baht 116.4 million due to an increase in deferred tax assets.
- Non-current assets amounting to Baht 7,248.0 million, which had increased by Baht 2,352.4 million or 32.5 percent mainly due to the following reasons:
 - Amounts due from the Office of the Cane and Sugar Fund had increased by Baht 169.8 due to price compensation of sugarcane final price for production year of 2014/2015, which was lower than the preliminary cane price
 - Property Plant and equipment had increased by Baht 2,724.8 million mainly because the increase of machinery and equipment for the project to increase production capacity of sugar factory to 12,000 tons sugarcane per day (Line C Project) and the project to construct Conditioning Silo & Packing Station. Advance payment for assets had decreased by Baht 518.5 million due to the transfer into Property Plant, and equipment during the period

1.2 Liabilities

As at December 31, 2015, the Company had total liabilities amounting to Baht 6,098.2 million, which had increased from last year by Baht 2,449.6 million or 67.6 percent. The Company liabilities included:

- Current liabilities amounting to Baht 3,492.7 million, which had increased from last year by Baht 1,441.4 million mainly due to the following reasons:
 - Short-term loan from financial institutions had increased by Baht 767.7 million
 - Current Position of Long-term loans had increased by Baht 946.8 million

- Non-current liabilities amounting to Baht 2,605.5 million had increased from last year by Baht 1,035.1 million mainly because the withdrawal of long-term loan to support the project in increasing production capacity of sugar factory to 12,000 tons sugarcane per day (Line C Project) and the project in constructing Conditioning Silo & Packing Station

1.3 Shareholders' Equity

As at December 31, 2015, the Company had shareholders' equity amounting to Baht 3,970.8 million, which had decreased from last year by Baht 134.5 million or 3.3 percent. The change on shareholders' equity mainly resulted from the following reasons:

- Net loss from operation amounting to Baht 50.2 million
- Unrealised gain from financial derivatives amounting to Baht 35.7 million
- Dividend payment amounting to Baht 120.0 million

2. Overall operation

Overview of operation

Group companies of Khonburi Sugar (Public) Company Limited had total income in 2015 amounting to Baht 6,726.6 million which had increased by 6.7 percent when comparing to year 2014 mainly because the increase of the income from the sales of electricity amounting to Baht 429.2 million because the Group's new power plant had begun to supply electricity to the Electricity Generating Authority of Thailand ("EGAT") pursuant to Firm 22 Megawatts Contract since January 2, 2015, while income from the sales of sugar had increased by 1.7 percent.

The Group had costs from sales and services amounting to Baht 6,035.1 million, which had increased from last year by 14.6 percent. This resulted in the decrease of gross profit from 14.8 percent last year to 8.6 percent. This decrease of gross profit was directly resulted from the decreased profit of sugar business because the difference in price of raw sugar and white sugar (White Premium) in global market had continuously decreased from 2014 to 2015, and the ratio of business sales (Sale Mix) had also changed.

The Group's sale and administrative expenses had increased from last year by 8.8 percent because sale expenses of sugar had increased towards the same direction of the increased sale volume.

From the main factors as mentioned above, the Group therefore had total net loss amounting to Baht 50.2 million in 2015, which had decreased from last year by 115.75 percent.

Total income

In 2015, the Company had total income amounting to Baht 6,726.6 million, which had increased by 6.7 percent when comparing to the total income of Baht 6,304.5 million in year 2014, having details as follows:

	2014 (Million Baht)	2015 (Million Baht)	Change (Million Baht)	Change (Percent)
Income				
Income from sales and services	6,180.3	6,603.5	423.2	6.8
Other income	124.2	123.1	(1.1)	(0.9)
Total income	6,304.5	6,726.6	422.1	6.7

- Income from sales and services had increased by Baht 423.2 million. The Company had additional income from electricity business amounting to Baht 429.2 million from the supply of electricity to the Electricity Generating Authority of Thailand at the beginning of year 2015
- Other income had decreased by Baht 1.1 million

Income from sales and services

Income from sales and services in 2015 was at Baht 6,180.3 million, which had increased from last year by 6.8 percent, having details as follows:

	2014 (Million Baht)	2015 (Million Baht)	Change (Million Baht)	Change (Percent)
Income from the sale of sugar	4,569.7	4,649.0	79.3	1.7
Income from the sale of molasses	501.4	529.0	27.6	5.5
Income from the molasses trading business	593.3	533.0	(60.3)	(10.2)
Income from the sale of electricity	119.8	549.0	429.2	358.3
Income from agricultural sales and services	396.1	343.5	(52.6)	(13.3)
Total income from sales and services	6,180.3	6,603.5	423.2	6.8

- Income from the sale of sugar was at Baht 4,649.0 million, which had increased from last year by Baht 79.3 million, representing 1.7 percent due to the increased sale volume of approximately 47,000 tons even though the average sale price had decreased by 15.7 percent.
- Income from the sale of molasses was at Baht 529.0 million, which had increased from last year by 5.5 percent. The sale volume of molasses had decreased by 1.4 percent while the average sale price per unit had increased by 6.9 percent.
- Income from the molasses trading business was at Baht 533.0 million, which had decreased from last year by Baht 10.2 million, whereby the quantity of trading molasses had decreased from last year by 10.8 percent while the average sale price per unit was similar to last year.
- Income from the sale of electricity had increased from last year by Baht 429.2 million because the had begun to supply electricity to the Electricity Generating Authority of Thailand ("EGAT") pursuant to Firm 22 Megawatts Contract since January 2, 2015.

Costs of sales and gross profit margin

Comparison of the Company's costs of sales and gross profit margin in year 2015 and 2014 is shown in the following table:

	2014 (Million Baht)	2015 (Million Baht)	Change (Million Baht)	Change (Percent)
Income from sales and services	6,180.3	6,603.5	423.2	6.8
Costs of sales and services	5,266.1	6,035.1	769.0	14.6
Gross profit	914.2	568.4	(345.8)	(37.8)
Gross profit margin	14.8 %	8.6 %	-	(6.2)

Note *Inclusive of loss from exchange rate amounting to Baht 51.6 million

- Gross profit in 2015 had decreased from last year by Baht 345.8 million mainly because the decreased sale price of sugar in global market, and the difference in price of raw sugar and white sugar (White Premium) had also decreased.
- Gross profit margin in 2015 was at 8.6 percent, which had decreased when comparing to the gross profit margin of 14.8 percent in 2014.

Sale and administrative expenses

In 2015, the Company had sale and administrative expenses totaling Baht 645.9 million, which had increased from the same period of last year by Baht 52.4 million mainly because the increase of sale expenses based on the increased sale volume.

Financial expenses

In 2015, the Company had financial expenses amounting to Baht 98.1 million, which had increased from last year by Baht 53.5 million mainly because the increased use of loan throughout the year 2015 for investment in the increase of production capacity in the project to increase production capacity of sugar factory to 12,000 tons sugarcane per day (Line C Project) and the project to construct Conditioning Silo & Packing Station.

Corporate income tax

The Company had revenue from income tax amounting to Baht 57.7 million, which had decreased by Baht 138.6 million comparing to the same period of time last year based on loss before tax.

Independent Auditor's Report

To the Shareholders of Khonburi Sugar Public Company Limited

I have audited the accompanying consolidated financial statements of Khonburi Sugar Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2015, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Khonburi Sugar Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

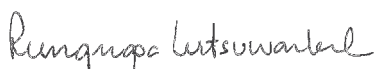
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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



Rungnapa Lertsuwankul
Certified Public Accountant (Thailand) No. 3516
EY Office Limited
Bangkok: 23 February 2016

Statements of financial position

Khonburi Sugar Public Company Limited and its subsidiaries

	Notes	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Assets					
Current assets					
Cash and cash equivalents	8	81,891,022	301,844,014	29,971,370	138,481,346
Trade and other receivables	7, 9	490,009,814	447,512,486	661,982,771	484,831,760
Sugar cane plantation receivables	10	815,118,210	736,531,774	815,118,210	736,531,774
Short-term loans to related party	7	-	-	361,500,000	340,000,000
Inventories	11	1,157,254,384	1,204,966,454	1,086,860,488	1,141,130,262
Derivative assets		19,896,919	-	19,896,919	-
Other current assets	12	256,896,161	140,500,127	179,042,759	20,840,061
Total current assets		2,821,066,510	2,831,354,855	3,154,372,517	2,861,815,203
Non-current assets					
Investment in subsidiaries	13	-	-	556,999,610	549,999,910
Other long-term investments	14	1,994,875	1,994,875	1,994,875	1,994,875
Sugarcane plantation receivables - long-term	10	269,344,049	296,371,459	269,344,049	296,371,459
Amounts due from the Office of the Cane and Sugar Fund	15	169,774,810	-	169,774,810	-
Property, plant and equipment	16	6,589,376,430	3,864,556,355	4,931,576,001	2,168,474,079
Intangible assets	17	147,614,820	155,284,171	5,943,318	7,207,434
Advance payment for assets		40,132,704	558,595,728	33,456,256	551,919,280
Deferred tax assets	25.1	21,291,221	9,531,662	20,446,121	-
Other non-current assets		8,462,367	9,224,954	8,306,175	9,206,356
Total non-current assets		7,247,991,276	4,895,559,204	5,997,841,215	3,585,173,393
Total assets		10,069,057,786	7,726,914,059	9,152,213,732	6,446,988,596

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

Statements of financial position (continued)

Khonburi Sugar Public Company Limited and its subsidiaries

	Notes	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	1,202,700,000	435,000,000	1,172,700,000	415,000,000
Short-term loans from related party	7	-	98,550,540	80,000,000	98,550,540
Trade and other payables	7, 19	1,140,134,072	1,259,072,415	1,157,700,978	1,041,000,962
Current portion of:					
- Long-term loans from financial institutions	20	1,082,000,000	137,820,000	922,000,000	17,820,000
- Liabilities under financial lease agreements	21	6,212,150	3,640,976	5,653,659	3,361,968
Corporate income tax payable		584,990	1,164,663	-	-
Amounts due to the Office of the Cane and Sugar Fund		47,875,123	69,748,531	47,875,123	69,748,531
Derivative liabilities		1,931,086	32,701,469	1,042,098	32,701,469
Other current liabilities		11,294,404	13,559,819	9,034,675	11,859,889
Total current liabilities		3,492,731,825	2,051,258,413	3,396,006,533	1,690,043,359
Non-current liabilities					
Net of current portion:					
- Long-term loans from financial institutions	20	2,551,300,000	1,487,000,000	1,761,300,000	537,000,000
- Liabilities under financial lease agreements	21	15,034,841	10,867,579	13,562,152	9,842,804
Provision for long-term employee benefits	22	39,155,770	32,979,019	35,819,261	30,266,664
Deferred tax liabilities	25.1	-	39,527,288	-	39,527,288
Total non-current liabilities		2,605,490,611	1,570,373,886	1,810,681,413	616,636,756
Total liabilities		6,098,222,436	3,621,632,299	5,206,687,946	2,306,680,115

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

Statements of financial position (continued)

Khonburi Sugar Public Company Limited and its subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Shareholders' equity					
Share capital					
Registered					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Issued and fully paid up					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		2,230,175,000	2,230,175,000	2,230,175,000	2,230,175,000
Retained earnings					
Appropriated - statutory reserve	23	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		1,072,475,466	1,242,653,647	1,042,769,832	1,273,995,488
Other components of shareholders' equity		8,184,884	(27,546,887)	12,580,954	(23,862,007)
Total shareholders' equity		3,970,835,350	4,105,281,760	3,945,525,786	4,140,308,481
Total liabilities and shareholders' equity		10,069,057,786	7,726,914,059	9,152,213,732	6,446,988,596

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

Statements of comprehensive income

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

	Notes	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Profit or loss:					
Revenues					
Sales income	28	6,574,611,796	6,138,616,673	5,431,426,588	5,443,675,015
Service income		28,912,773	41,640,590	29,398,242	41,640,590
Other income					
Interest income		54,848,493	50,225,925	71,674,385	55,606,577
Gain on exchange		24,734,622	-	24,709,936	-
Gain on derivatives		-	13,393,736	-	13,393,736
Income from termination of sugar sale agreement		-	32,047,531	-	32,047,531
Dividend income		262,455	262,455	170,262,455	262,455
Others		43,269,064	28,349,690	70,961,534	44,037,251
Total revenues		6,726,639,203	6,304,536,600	5,798,433,140	5,630,663,155
Expenses					
Cost of sales		6,013,428,356	5,236,689,741	5,261,262,517	4,609,088,998
Cost of services		21,625,341	29,445,577	22,110,810	29,445,577
Selling expenses		367,728,257	309,338,983	346,339,144	301,112,460
Administrative expenses		278,161,610	284,156,059	236,076,622	235,385,439
Loss on exchange		-	768,169	-	906,393
Loss on derivatives		55,557,244	-	55,557,244	-
Total expenses		6,736,500,808	5,860,398,529	5,921,346,337	5,175,938,867
Profit (loss) before finance cost and income tax expenses		(9,861,605)	444,138,071	(122,913,197)	454,724,288
Finance cost		(98,053,956)	(44,567,986)	(57,396,608)	(38,985,344)
Profit (loss) before income tax expenses		(107,915,561)	399,570,085	(180,309,805)	415,738,944
Income tax revenue (expenses)	25.2	57,737,380	(80,887,889)	69,084,149	(82,697,649)
Profit (loss) for the year		(50,178,181)	318,682,196	(111,225,656)	333,041,295

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

Statements of comprehensive income (continued)

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

	Notes	Consolidated financial statements		Separate financial statements	
		As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Unrealised gain (loss) on change in derivative financial instruments		44,664,713	(29,827,508)	45,553,701	(29,827,508)
Income tax effect	25.3	(8,932,942)	5,965,501	(9,110,740)	5,965,501
Other comprehensive income for the year		35,731,771	(23,862,007)	36,442,961	(23,862,007)
Total comprehensive income for the year		(14,446,410)	294,820,189	(74,782,695)	309,179,288
Earnings (loss) per share	27				
Basic earnings (loss) per share					
Net profit (loss) for the year		(0.08)	0.56	(0.19)	0.59

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

Statements of changes in shareholders' equity

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

	Consolidated financial statements									
	Issued and fully paid up share capital (Baht)	Warrants (Baht)	Share premium (Baht)	Retained earnings (Baht)		Unrealised gains (losses) on derivative financial instruments (Baht)	Other comprehensive income (Baht)		Total other components of shareholders' equity (Baht)	Total shareholders' equity (Baht)
				Appropriated - statutory reserve (Baht)	Unappropriated (Baht)		Surplus on business combination under common control (Baht)	Unrealised gains (losses) on derivative financial instruments (Baht)		
Balance as at 1 January 2014	550,000,000	2,500,000	1,642,675,000	60,000,000	1,178,971,451	-	(3,684,880)	(3,684,880)	3,430,461,571	
Profit for the year	-	-	-	-	318,682,196	-	-	-	318,682,196	
Other comprehensive income for the year	-	-	-	-	-	(23,862,007)	-	(23,862,007)	(23,862,007)	
Total comprehensive income for the year	-	-	-	-	318,682,196	(23,862,007)	-	(23,862,007)	294,820,189	
Increase share capital	50,000,000	(2,500,000)	587,500,000	-	-	-	-	-	635,000,000	
Dividends paid (Note 30)	-	-	-	(255,000,000)	-	-	-	-	(255,000,000)	
Balance as at 31 December 2014	600,000,000	-	2,230,175,000	60,000,000	1,242,653,647	(23,862,007)	(3,684,880)	(27,546,887)	4,105,281,760	
Balance as at 1 January 2015	600,000,000	-	2,230,175,000	60,000,000	1,242,653,647	(23,862,007)	(3,684,880)	(27,546,887)	4,105,281,760	
Loss for the year	-	-	-	-	(50,178,181)	-	-	-	(50,178,181)	
Other comprehensive income for the year	-	-	-	-	-	35,731,771	-	35,731,771	35,731,771	
Total comprehensive income for the year	-	-	-	-	(50,178,181)	35,731,771	-	35,731,771	(14,446,410)	
Dividends paid (Note 30)	-	-	-	(120,000,000)	-	-	-	-	(120,000,000)	
Balance as at 31 December 2015	600,000,000	-	2,230,175,000	60,000,000	1,072,475,466	11,869,764	(3,684,880)	8,184,884	3,970,835,350	

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

Statements of changes in shareholders' equity (continued)

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

	Separate financial statements									
	Issued and fully paid up share capital (Baht)	Warrants (Baht)	Share premium (Baht)	Retained earnings		Unappropriated reserve (Baht)	Other comprehensive income		Total other components of shareholders' equity (Baht)	Total shareholders' equity (Baht)
				Appropriated - statutory reserve (Baht)	Unrealised gains (losses) on derivative financial instruments (Baht)		Other comprehensive income			
							Unrealised gains (losses) on derivative financial instruments (Baht)	Total other components of shareholders' equity (Baht)		
Balance as at 1 January 2014	550,000,000	2,500,000	1,642,675,000	60,000,000	1,195,954,193	-		-	-	3,451,129,193
Profit for the year	-	-	-	-	333,041,295	-	-	-	-	333,041,295
Other comprehensive income for the year	-	-	-	-	-	(23,862,007)	(23,862,007)	(23,862,007)	(23,862,007)	(23,862,007)
Total comprehensive income for the year	-	-	-	-	333,041,295	(23,862,007)	(23,862,007)	(23,862,007)	(23,862,007)	309,179,288
Increase share capital	50,000,000	(2,500,000)	587,500,000	-	-	-	-	-	-	635,000,000
Dividends paid (Note 30)	-	-	-	-	(255,000,000)	-	-	-	-	(255,000,000)
Balance as at 31 December 2014	600,000,000	-	2,230,175,000	60,000,000	1,273,995,488	(23,862,007)	(23,862,007)	(23,862,007)	(23,862,007)	4,140,308,481
Balance as at 1 January 2015	600,000,000	-	2,230,175,000	60,000,000	1,273,995,488	(23,862,007)	(23,862,007)	(23,862,007)	(23,862,007)	4,140,308,481
Loss for the year	-	-	-	-	(111,225,656)	-	-	-	-	(111,225,656)
Other comprehensive income for the year	-	-	-	-	-	36,442,961	36,442,961	36,442,961	36,442,961	36,442,961
Total comprehensive income for the year	-	-	-	-	(111,225,656)	36,442,961	36,442,961	36,442,961	36,442,961	(74,782,695)
Dividends paid (Note 30)	-	-	-	-	(120,000,000)	-	-	-	-	(120,000,000)
Balance as at 31 December 2015	600,000,000	-	2,230,175,000	60,000,000	1,042,769,832	12,580,954	12,580,954	12,580,954	12,580,954	3,945,525,786

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

Cash flow statements

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

Notes	Consolidated financial statements		Separate financial statements	
	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Cash flows from operating activities				
Profit (loss) before income tax	(107,915,561)	399,570,085	(180,309,805)	415,738,944
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	311,462,213	205,988,028	242,302,369	186,885,058
Write-off of equipment	5,795	31,825,935	5,795	-
Gain on sale of equipment	(9,327,884)	(168,004)	(9,327,884)	(168,004)
Write-off of bad debts	1,650,176	-	1,650,176	-
Allowance for doubtful accounts	2,331,850	7,214,505	2,331,850	7,214,505
(Reversal) decrease of inventory to net realisable value	338,610	(66,930)	338,610	(66,930)
Provision for long-term employee benefits	6,176,751	6,276,983	5,552,597	5,844,081
Unrealised (gain) loss on derivative financial statements	(6,002,589)	2,873,960	(6,002,589)	2,873,960
Unrealised gain on exchange	(9,096)	(4,200)	(9,096)	(4,200)
Reversal of loss on impairment of investment in subsidiary	-	-	(6,999,700)	-
Dividend income	(262,455)	(262,455)	(170,262,455)	(262,455)
Interest income	(54,848,493)	(50,225,925)	(71,674,385)	(55,606,577)
Interest expenses	95,609,466	43,908,833	56,654,907	38,326,191
Write-off of withholding tax as of expenses	461,143	-	227,724	-
Profit (loss) from operating activities before changes in operating assets and liabilities	239,669,926	646,930,815	(135,521,886)	600,774,573
Operating assets (increase) decrease				
Trade and other receivables	(43,709,240)	(101,419,228)	(5,678,412)	(328,249,507)
Sugarcane plantation receivables	(40,802,591)	(587,711,716)	(40,802,591)	(587,711,716)
Inventories	47,373,460	(375,410,017)	53,931,164	(313,111,086)
Other current assets	(104,292,022)	(24,660,335)	(144,893,225)	(2,433,616)
Amounts due from the Office of the Cane and Sugar Fund	(169,774,810)	-	(169,774,810)	-
Other non-current assets	762,647	255,285	900,181	(3,777,182)
Operating liabilities increase (decrease)				
Trade and other payables	(107,238,266)	132,477,336	44,816,073	135,201,229
Amounts due to the Office of the Cane and Sugar Fund	(21,873,408)	1,383,871	(21,873,408)	1,383,871
Forward exchange contract payables	-	(78,824,030)	-	(78,824,030)
Other current liabilities	(2,265,415)	(4,407,533)	(2,825,215)	(2,158,072)
Cash flows used in operating activities	(202,149,719)	(391,385,552)	(421,722,129)	(578,905,536)
Cash paid for corporate income tax	(15,722,357)	(78,591,153)	(13,537,196)	(76,973,722)
Net cash flows used in operating activities	(217,872,076)	(469,976,705)	(435,259,325)	(655,879,258)

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

Cash flow statements (continued)

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

Notes	Consolidated financial statements		Separate financial statements	
	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)	As at 31 December 2015 (Baht)	As at 31 December 2014 (Baht)
Cash flows from investing activities				
Decrease in debt securities held to maturity	-	5,000,000	-	5,000,000
Increase in investment in subsidiaries	-	-	-	(9,999,970)
Increase in short-term loan to related parties	-	-	(21,500,000)	(300,000,000)
Cash paid for acquisitions of property, plant and equipment	(2,460,365,056)	(675,641,044)	(2,353,617,364)	(336,516,141)
Proceeds from sales of equipment	13,208,528	220,075	13,208,529	220,075
Cash paid for acquisitions of intangible asset	(2,653,990)	(152,434,098)	(2,653,990)	(4,838,866)
Cash paid in advance for equipment	(9,657,412)	(558,595,728)	(9,657,412)	(551,919,280)
Cash receipt from interest income	41,426,103	52,118,294	55,472,421	57,560,317
Cash receipt from dividend income	262,455	262,455	262,455	262,455
Net cash flows used in investing activities	(2,417,779,372)	(1,329,070,046)	(2,318,485,361)	(1,140,231,410)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	767,700,000	285,000,000	757,700,000	275,000,000
Increase (decrease) in short-term loans from related parties	(98,550,540)	98,550,540	(18,550,540)	98,550,540
Cash receipt from long-term loans	2,146,300,000	781,141,096	2,146,300,000	547,000,000
Repayment of long-term loans	(137,820,000)	(102,230,000)	(17,820,000)	(22,230,000)
Cash paid for liabilities under financial lease agreements	(5,376,272)	(1,599,101)	(4,749,745)	(1,573,848)
Proceeds from increase in share capital	-	635,000,000	-	635,000,000
Cash paid for interest expenses	(136,554,732)	(87,335,977)	(97,645,005)	(41,311,375)
Dividends paid	(120,000,000)	(254,970,165)	(120,000,000)	(254,970,165)
Net cash flows from financing activities	2,415,698,456	1,353,556,393	2,645,234,710	1,235,465,152
Net decrease in cash and cash equivalents	(219,952,992)	(445,490,358)	(108,509,976)	(560,645,516)
Cash and cash equivalents at beginning of year	301,844,014	747,334,372	138,481,346	699,126,862
Cash and cash equivalents at end of year	81,891,022	301,844,014	29,971,370	138,481,346
Supplemental cash flows information				
Non-cash transactions				
Decrease (increase) in purchases of assets that have not yet been paid	1,961,258	48,614,263	(71,667,595)	(22,874,855)
Decrease in advance for equipment	(528,120,436)	-	(528,120,436)	-
Transfer assets under construction in progress to intangible assets	-	(45,000)	-	(45,000)
Purchase equipment under financial lease	12,114,709	16,107,656	10,760,784	14,778,620
Adjust assets due to cancellation contracts	(10,000,000)	-	-	-
Dividend receivable	-	-	170,000,000	-

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

Notes to financial statements

Khonburi Sugar Public Company Limited and its subsidiaries
For the year ended 31 December 2015

1. General information

Khonburi Sugar Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture and distribution of sugar, which is sold both domestically and overseas. The registered office of the Company is at 5 Soi Sukhumvit 57, Sukhumvit Road, KlongtanNua, Wattana, Bangkok. Its factory is located at 289 Moo 13 Jarakhe-Hin, Khonburi Nakhonratchasima.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Khonburi Sugar Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (Percent)	2014 (Percent)
<u>Held by the Company</u>				
Khonburi Power Plant Co., Ltd.	Manufacture and distribution of electricity	Thailand	100.00	100.00
KBS Trading Co.,Ltd.	Trading of sugar molasses and by products	Thailand	100.00	100.00
Khonburi Bio Energy Co., Ltd.	Manufacture and distribution of ethanol	Thailand	100.00	100.00
KBS Investment Co.,Ltd.	Holding company	Thailand	100.00	100.00
<u>Held by subsidiaries</u>				
KBS Cane and Sugar Co.,Ltd. (100% held by KBS Investment Co.,Ltd.)	Manufacture and distribution of sugar	Thailand	100.00	100.00
KBS Power Co.,Ltd (100% held by KBS Investment Co.,Ltd.)	Manufacture and distribution of electricity	Thailand	100.00	100.00

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest,, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Sales of electricity and steam, pursuant to Electricity and Steam Sale/Purchase agreement, are recognized when the delivery is made and accepted by customers, and calculated based on actual utilisation. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividend is established.

4.2 Cash and cash equivalent

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods, work in process, and molasses are valued at the lower of cost under the average method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts, factory supplies, and other supplies are valued at the lower of weight average method and net realisable value and are charged to production costs whenever consumed.

The common production costs incurred in the production process are not allocated to bagasse from productions of sugar; therefore, revenue from sale of by products are presented as deduction from production costs in each production season.

4.5 Investments

a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	10 years
Building and premises	20 - 30 years
Machinery and equipment	4 - 50 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Facilities system and water treatment system	20 - 30 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

	Useful lives
Computer software	5 years
Right to use the transmission facilities	25 years

4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and the subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liabilities comprise the present value of the defined benefit obligation.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries have present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Derivative financial instruments and hedging

a) Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts and commodity swaps to manage their risks associated with foreign currency fluctuations and goods price fluctuations.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments recognised as financial assets when occur gain on remeasurement to fair value and recognised as financial liabilities when occur loss on remeasurement to fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward currency contracts and commodity swap is their quoted market price at the end of reporting period.

b) Hedge accounting

Cash flow hedges

The Company applies hedge accounting when the risk that has been hedged can be clearly identified and the effectiveness of the hedge can be measured.

The effective portion of the gain or loss on the hedging instruments classified as cash flow hedges to hedge the exposure against variability in cash flows that is either attributable to a particular risk associated with a recognised financial asset or liability or highly probable forecast transactions are recognised directly in other comprehensive income (net of deferred tax) while the ineffective portion is recognised immediately in profit or loss. Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, or when a forecast transaction occurs. The fair value of such derivative is recognised immediately to profit or loss if the hedging instrument is not effective.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a buyer and a seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and subsidiaries's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Seasonality of operations

The operations of the Company are affected by the seasonality of sugar manufacture, with the production season running from November to April, and the off season for production running from May to October.

7. Related party transactions

The relationships between the Company and related parties are summarised below.

Name	Relationship
Khonburi Power Plant Co., Ltd.	Subsidiary
KBS Trading Co.,Ltd.	Subsidiary
Khonburi Bio Energy Co., Ltd.	Subsidiary
KBS Investment Co.,Ltd.	Subsidiary
KBS Cane and Sugar Co.,Ltd.	Subsidiary (Held by subsidiary)
KBS Power Co.,Ltd	Subsidiary (Held by subsidiary)
Khonburi Capital Co., Ltd.	Common shareholders/Common directors
The Thai Sugar Trading Co., Ltd.	Common shareholders/Common directors
Mitsui and Co., Ltd.	Common major shareholders
Mitsui & Co Europe plc.	Common major shareholders
Kasetphol sugar Co., Ltd.	Common major shareholders
Kumphawapi sugar Co., Ltd.	Common major shareholders

During the year, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)	
Transactions with subsidiaries:					
(Eliminated from consolidated financial statements)					
Sale income	-	-	229,374	88,933	Contract price and market price
Service income	-	-	485	-	Market price
Other income	-	-	1,363	3,086	Cost plus margin 3 to 5 percent
Interest income	-	-	17,024	5,673	2015: 4.8 - 5.125% per annum (2014: 5.125 - 5.250% per annum)
Dividend income	-	-	170,000	-	As declared
Bagasse income	-	-	226,749	142,432	Contract price (Baht 350 - 400 per ton)
Rental income	-	-	28,287	5,340	Contract price (Baht 3,333 to 2,125,000 Baht per month)
Management income	-	-	4,200	5,408	Contract price (Baht 100,000 to 350,667 per month)
Purchase of fixed assets	-	-	-	44,000	Market price and auction price
Electricity charges	-	-	209,074	96,639	Contract price (according to EGAT)
Steam charges	-	-	206,424	57,482	Contract price (Baht 70 - 140 per ton)
Rental expenses	-	-	-	9,120	Contract price (Baht 6,000 to Baht 120,000 per vehicle per month)
Maintenance expenses	-	-	47,242	-	Market price
Management expenses	-	-	-	23,833	Contract price
Bagasse compensation	-	-	141,642	-	Based on the difference between market purchase price and agreement price
Interest expense	-	-	71	-	2015: 1.00 per annum
Transactions with related companies:					
Sale income	678,558	530,853	678,558	530,853	Market price
Dividend income	262	262	262	-	As declared
Other income	27	-	27	-	Market price
Purchase of raw sugar	669,110	488,572	669,110	488,572	Market price
Purchase of sugar	58	-	58	-	Market price
Purchase of bagasse	-	13,409	-	13,409	Market price
Purchase of fertilizer, insecticide	-	4,330	-	4,330	Market price
Rental expenses	10,789	10,418	10,789	10,418	Contract price and comparable price charged to other customers
Service charges and utilities	1,945	1,773	1,945	1,773	Contract price (Baht 45 - 60 per square meter)
Export service expenses	13,123	9,491	13,123	9,491	Contract price (Baht 20 per ton)
Interest expenses	11,979	15,906	11,979	15,906	2015: 2.55 - 3.20% per annum (2014: 3.4% per annum)

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Account receivables - related party (Note 9)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	32,859	18,590
Related companies	15,595	54,940	15,595	54,940
Total account receivables - related party	15,595	54,940	48,454	73,530
Interest receivable related party (Note 9)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	2,780	51
Other receivables - related party (Note 9)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	209,645	202,422
Dividend receivables - related party (Note 9)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	170,000	-
Accounts payable - related parties (Note 19)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	228,010	69,259
Related companies	945	6,173	945	6,173
Total account payable - related parties	945	6,173	228,955	75,432
Revenue received in advance - related parties (Note 19)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	160	-
Accrued interest - related parties (Note 19)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	9	-
Unearned revenue - related parties (Note 19)				
Subsidiary company (eliminated from consolidated financial statements)	-	-	29,913	25,130
Other non-current assets				
Related company	2,396	2,396	2,396	2,396

Loans to and from related party

As at 31 December 2015 and 2014, the balances of loans between the Company and those related companies and the movement are as follows:

Separate financial statements				
	Balance as at 31 December 2014 (Thousand Baht)	Increase (Thousand Baht)	Decrease (Thousand Baht)	Balance as at 31 December 2015 (Thousand Baht)
Short-term loans to related party				
Subsidiary company	340,000	31,500	(10,000)	361,500

Consolidated financial statements				
	Balance as at 31 December 2014 (Thousand Baht)	Increase (Thousand Baht)	Decrease (Thousand Baht)	Balance as at 31 December 2015 (Thousand Baht)
Short-term loans from related party				
Related company	98,551	1,627,891	(1,726,442)	-

Separate financial statements				
	Balance as at 31 December 2014 (Thousand Baht)	Increase (Thousand Baht)	Decrease (Thousand Baht)	Balance as at 31 December 2015 (Thousand Baht)
Short-term loans from related parties				
Subsidiary company	-	137,000	(57,000)	80,000
Related company	98,551	1,627,891	(1,726,442)	-
Total	98,551	1,764,891	(1,783,442)	80,000

The Company has appointed a related company as its representative to enter into an export distributions agreement and short-term loan agreements with a financial institution, with power of attorney. The Company agrees to accept liability for any losses.

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Short-term employee benefits	52,629	55,169	50,740	52,448
Post-employment benefits	864	2,795	719	2,723
Total	53,493	57,964	51,459	55,171

8. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Cash	691	402	496	307
Bank deposits	81,200	296,442	29,475	133,174
Investment in debt securities held to maturity	-	5,000	-	5,000
Total	81,891	301,844	29,971	138,481

As at 31 December 2015, bank deposits in savings accounts and fixed deposits carried interests between 0.10 and 0.95 percent per annum (2014: 0.125 and 4.5 percent per annum).

9. Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	14,168	54,940	47,027	73,530
Past due				
Up to 3 months	1,427	-	1,427	-
Total trade receivables - related parties	15,595	54,940	48,454	73,530
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	173,427	175,489	102,373	141,140
Past due				
Up to 3 months	63,833	54,625	38,308	47,714
3 - 6 months	340	3,065	-	3,065
Total trade receivables - unrelated parties	237,600	233,179	140,681	191,919
Total trade receivables	253,195	288,119	189,135	265,449

9. Trade and other receivables (Continued)

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Other receivables				
Advances	79,493	3,938	79,163	3,938
Interest receivable - related parties	-	-	2,780	51
Other receivables - related parties	-	-	209,645	202,422
Other receivables - unrelated parties	13,251	13,922	12,502	12,972
Dividend receivable	-	-	170,000	-
Molasses advances	145,373	141,593	-	-
Total other receivables	238,117	159,453	474,090	219,383
Allowance for doubtful debts	(1,302)	(60)	(1,242)	-
Total other receivables - net	236,815	159,393	472,848	219,383
Total trade and other receivables - net	490,010	447,512	661,983	484,832

10. Sugar cane plantation receivables

The balances of sugar cane plantation receivables as at 31 December 2015 and 2014, aged on the basis of due dates, are summarised below.

	Consolidated financial statements /Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)
Sugar cane plantation receivables	1,145,057	1,092,408
Less: net of long - term sugar cane plantation receivables	(269,344)	(296,371)
Sugar cane plantation receivables - current portion	875,713	796,037
Less: Allowance for doubtful debts	(60,595)	(59,505)
Sugar cane plantation receivable - net	815,118	736,532

	Consolidated financial statements /Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)
Sugar cane plantation receivables aged on the basis of due dates		
2015/2016 harvesting year	680,878	-
2014/2015 harvesting year	117,198	662,305
2013/2014 harvesting year	20,401	63,463
2012/2013 harvesting year	18,596	22,186
2011/2012 harvesting year	38,640	48,083
Total sugar cane plantation receivables	875,713	796,037
Less: Allowance for doubtful debts	(60,595)	(59,505)
Sugar cane plantation receivables - net	815,118	736,532

Sugar cane plantation receivables represent support provided for farmers in order to encourage sugar cane planting, whereby the Company supplies sugar cane, water systems, agricultural machinery and equipment. The terms of the agreements are generally between 3 and 5 years with interest charged at rates of 0% to 7% per annum. Most farmers have provided land and motor vehicles as collateral.

11. Inventories

Consolidated financial statements						
	Cost		Reduce cost to net realizable value		Inventories - net	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Finished goods	966,767	1,036,541	-	-	966,767	1,036,541
Work in process	52,310	32,074	-	-	52,310	32,074
Raw materials	48,089	51,622	-	-	48,089	51,622
Chemicals, spare parts, and factory supplies	71,051	65,066	(360)	(21)	70,691	65,045
By products (Molasses)	19,397	19,684	-	-	19,397	19,684
Total	1,157,614	1,204,987	(360)	(21)	1,157,254	1,204,966

Separate financial statements						
	Cost		Reduce cost to net realizable value		Inventories - net	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Finished goods	962,733	1,028,631	-	-	962,733	1,028,631
Work in process	52,310	32,074	-	-	52,310	32,074
Chemicals, spare parts, and factory supplies	52,780	60,762	(360)	(21)	52,420	60,741
By products (Molasses)	19,397	19,684	-	-	19,397	19,684
Total	1,087,220	1,141,151	(360)	(21)	1,086,860	1,141,130

As at 31 December 2014, the Company has pledged inventories of approximately Baht 99 million (2015: Nil) to secure short-term loans from financial institutions through its representative as mentioned in Note 7.

12. Other current assets

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Value added tax refundable	223,405	105,876	155,492	9,630
Income tax refundable	18,450	9,858	13,537	228
Prepaid expenses	11,591	11,592	7,357	8,634
Other	3,450	13,174	2,657	2,348
Total other current assets	256,896	140,500	179,043	20,840

13. Investment in subsidiaries

Details of investment in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (percentage)	2014 (percentage)	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Khonburi Power Plant Co., Ltd.	500,000	500,000	100.00	100.00	500,000	500,000	150,000	-
KBS Trading Co.,Ltd.	40,000	40,000	100.00	100.00	40,000	40,000	20,000	-
Khonburi Bio Energy Co., Ltd.	7,000	7,000	100.00	100.00	7,000	7,000	-	-
KBS Investment Co., Ltd.	10,000	10,000	100.00	100.00	10,000	10,000	-	-
Total					557,000	557,000	170,000	-
Less: Allowance for loss on impairment of investment					-	(7,000)	-	-
Total investment in subsidiaries - net					557,000	550,000	170,000	-

During the years 2015, Company reversed the allowance for loss on impairment of investment in Khonburi Bio Energy (Subsidiary), of Baht 7 million because there is an increase in its share capital which indicates the operation of a subsidiary in the near future.

14. Other long-term investments

	Consolidated financial statements/ Separate financial statements		Dividend received during the year	
	2015 (Thousand Baht)	2014 Thousand Baht	2015 Thousand Baht	2014 Thousand Baht
Common stock				
The Thai Sugar Trading Corporation Limited	1,750	1,750	262	262
Thai Cane and Sugar Corporation Limited	243	243	-	-
Thai Sugar Millers Corporation Limited	2	2	-	-
Total other long-term investments	1,995	1,995	262	262

15. Amounts due from the Office of the Cane and Sugar Fund

Amounts due from the Office of the Cane and Sugar Fund were the amounts that the Company will reimburse from the Office of the Cane and Sugar Fund in accordance with the resolution of the Office of the Cane and Sugar Board No.1/2016, since in the 2014/2015 harvesting year the final sugar cane price and the final compensation for the production and distribution of sugar were lower than the initial sugar cane price. In accordance with Section 56 of the Cane and Sugar Act B.E. 2527, the Cane and Sugar Fund is to pay compensation to the Company at an amount equal to the difference, and the sugar cane planters do not have to return the excessive amount of the sugar cane price received.

16. Property, plant and equipment

	Consolidated financial statements								
	Buildings and premises (Thousand Baht)	Machinery (Thousand Baht)	Land and land improvement (Thousand Baht)	Equipment (Thousand Baht)	Furniture, fixtures and office equipment (Thousand Baht)	Motor vehicles (Thousand Baht)	Facilities system and water treatment system (Thousand Baht)	Assets under construction in progress (Thousand Baht)	Total (Thousand Baht)
Cost									
As at 31 December 2013	961,777	2,384,050	206,151	182,043	99,357	231,137	243,315	1,259,724	5,567,554
Additions	770	26,850	2,569	24,334	13,146	37,441	-	538,024	643,134
Disposals/write-off	-	-	-	(561)	(2,949)	(4,499)	-	(29,500)	(37,509)
Transfers in (out)	123,370	1,576,222	-	16,858	7,807	15,180	22,469	(1,761,951)	(45)
Capitalised interest	-	-	-	-	-	-	-	43,979	43,979
As at 31 December 2014	1,085,917	3,987,122	208,720	222,674	117,361	279,259	265,784	50,276	6,217,113
Additions	150	58,455	6,576	15,876	7,883	13,259	29,788	2,866,652	2,998,639
Disposals/write-off	-	(372)	-	(2,710)	(4,114)	(6,766)	-	-	(13,962)
Transfers in (out)	423,068	2,017,592	-	1,850	160	-	233,205	(2,675,875)	-
Capitalised interest	-	-	-	-	-	-	-	41,206	41,206
Adjustment	-	(10,000)	-	-	-	-	-	-	(10,000)
As at 31 December 2015	1,509,135	6,052,797	215,296	237,690	121,290	285,752	528,777	282,259	9,232,996

16. Property, plant and equipment (Continued)

Consolidated financial statements									
	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Accumulated depreciation									
As at 31 December 2013	449,006	1,154,850	16,532	135,170	78,251	145,100	177,149	-	2,156,058
Depreciation for the year	32,351	106,400	70	16,083	9,464	23,250	14,512	-	202,130
Depreciation on disposals/ write-off	-	-	-	(522)	(2,936)	(2,173)	-	-	(5,631)
As at 31 December 2014	481,357	1,261,250	16,602	150,731	84,779	166,177	191,661	-	2,352,557
Depreciation for the year	37,660	188,532	71	20,551	12,646	26,040	15,639	-	301,139
Depreciation on disposals/ write-off	-	(315)	-	(2,164)	(4,055)	(3,542)	-	-	(10,076)
As at 31 December 2015	519,017	1,449,467	16,673	169,118	93,370	188,675	207,300	-	2,643,620
Net book value									
As at 31 December 2014	604,560	2,725,872	192,118	71,943	32,582	113,082	74,123	50,276	3,864,556
As at 31 December 2015	990,118	4,603,330	198,623	68,572	27,920	97,077	321,477	282,259	6,589,376

Depreciation for the year

For the year ended 31 December 2014 (Baht 173 million included in manufacturing cost, and the remaining balance in administrative expenses)

202,130

For the year ended 31 December 2015 (Baht 280 million included in manufacturing cost, and the remaining balance in administrative expenses)

301,139

Separate financial statements									
	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Cost									
As at 31 December 2013	961,751	2,222,507	206,152	170,884	100,631	65,840	243,315	23,040	3,994,120
Additions	770	26,850	-	18,467	11,375	79,201	-	237,506	374,169
Disposals/write-off	-	-	-	(560)	(2,949)	(16)	-	-	(3,525)
Transfers in (out)	19,899	167,300	-	3,964	686	15,180	7,400	(214,474)	(45)
Capitalised interest	-	-	-	-	-	-	-	4,024	4,024
As at 31 December 2014	982,420	2,416,657	206,152	192,755	109,743	160,205	250,715	50,096	4,368,743
Additions	150	58,085	6,575	13,024	7,551	12,115	13	2,866,653	2,964,166
Disposals/write-off	-	(373)	-	(2,710)	(4,114)	(6,765)	-	-	(13,962)
Transfers in (out)	420,805	2,016,252	-	-	122	-	233,205	(2,670,384)	-
Capitalised interest	-	-	-	-	-	-	-	41,206	41,206
As at 31 December 2015	1,403,375	4,490,621	212,727	203,069	113,302	165,555	483,933	287,571	7,360,153

Separate financial statements									
	Buildings and premises	Machinery	Land and land improvement	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Facilities system and water treatment system	Assets under construction in progress	Total
	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Accumulated depreciation									
As at 31 December 2013	448,980	1,148,438	16,533	127,788	77,552	23,566	177,149	-	2,020,006
Depreciation for the year	32,191	96,080	70	14,649	8,918	17,340	14,489	-	183,737
Depreciation on disposals/ write-off	-	-	-	(522)	(2,936)	(16)	-	-	(3,474)
As at 31 December 2014	481,171	1,244,518	16,603	141,915	83,534	40,890	191,638	-	2,200,269
Depreciation for the period	34,094	133,638	70	17,046	10,457	27,942	15,137	-	238,384
Depreciation on disposals/ write-off	-	(315)	-	(2,164)	(4,055)	(3,542)	-	-	(10,076)
As at 31 December 2015	515,265	1,377,841	16,673	156,797	89,936	65,290	206,775	-	2,428,577
Net book value									
As at 31 December 2014	501,249	1,172,139	189,549	50,840	26,209	119,315	59,077	50,096	2,168,474
As at 31 December 2015	888,110	3,112,780	196,054	46,272	23,366	100,265	277,158	287,571	4,931,576

Depreciation for the year

For the year ended 31 December 2014 (Baht 63 million included in manufacturing cost, and the remaining balance in administrative expenses)	183,737
For the year ended 31 December 2015 (Baht 220 million included in manufacturing cost, and the remaining balance in administrative expenses)	238,384

As at 31 December 2015, the Company and its subsidiaries had machinery, vehicles and equipment with net book value of Baht 20 million (2014: Baht 14 million) which were acquired under financial lease agreement (The Company only: Baht 18 million, 2014: Baht 13 million).

As at 31 December 2015, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 355 million (2014: Baht 257 million) (The Company only: Baht 355 million, 2014: Baht 257 million).

The Company and subsidiaries have pledged most assets as collateral against credit facilities and loans received from financial institutions (all types of liabilities) as mentioned in Note 20 and 31.

17. Intangible assets

The net book value of intangible assets as at 31 December 2015 and 2014 is presented below.

	Consolidated financial statements			Separate financial statements	
	Right to use the transmission facilities (Thousand Baht)	Computer software (Thousand Baht)	Total (Thousand Baht)	Computer software (Thousand Baht)	Total (Thousand Baht)
As at 31 December 2015					
Cost	146,389	33,578	179,967	30,720	30,720
<u>Less</u> Accumulated amortisation	(6,124)	(26,228)	(32,352)	(24,777)	(24,777)
Net book value	140,265	7,350	147,615	5,943	5,943
As at 31 December 2014					
Cost	146,389	30,925	177,314	28,066	28,066
<u>Less</u> Accumulated amortisation	(273)	(21,757)	(22,030)	(20,859)	(20,859)
Net book value	146,116	9,168	155,284	7,207	7,207

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Net book value at beginning of year	155,284	6,664	7,207	5,472
Acquisition of computer software	2,654	6,045	2,654	4,839
Increase of right to use the transmission facilities	-	146,389	-	-
Transfer in	-	45	-	45
Amortisation	(10,323)	(3,859)	(3,918)	(3,149)
Net book value at end of year	147,615	155,284	5,943	7,207

18. Short-term loans from financial institutions

	Consolidated (percent per annum)	Consolidated financial statements		Separate financial statements	
		2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Promissory Note	2.2 - 2.7 and 5.85 - 6.125	1,202,700	435,000	1,172,700	415,000
Total		1,202,700	435,000	1,172,700	415,000

19. Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Planter payables	353,552	331,268	353,552	331,268
Trade payables - unrelated parties	159,698	165,473	112,893	134,687
Trade payable - related parties	945	6,173	228,955	75,432
Revenues received in advance - unrelated parties	346,460	486,042	173,617	301,836
Revenues received in advance - related parties	-	-	160	-
Fixed asset payables	154,880	156,841	154,880	83,213
Accrued expenses - unrelated parties	41,644	84,256	30,722	65,984
Accrued interest expenses - unrelated parties	1,412	-	1,308	-
Accrued interest expenses - related parties	-	-	9	-
Unearned revenue - related parties	-	-	29,913	25,130
Other payables	81,543	29,019	71,692	23,451
Total trade and other payables	1,140,134	1,259,072	1,157,701	1,041,001

Planter payables

The Company purchased sugar cane for the 2015/2016 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board No. 9/2015 dated 12 November 2015. This determined the initial price of sugar cane in the 2014/2015 harvesting year at Baht 808 per ton of sugar cane at the sweetness of 10 C.C.S with the price to be increased or decreased by Baht 48.48 per ton for each 1 C.C.S variation. Up to the date on which the Company's directors approved these financial statements, the Office of the Cane and Sugar Board has yet to announce the final sugar cane prices for the 2015/2016 harvesting year.

The Company purchased sugar cane for the 2014/2015 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board No. 8/2014 dated 7 November 2014. This determined the initial price of sugar cane in the 2014/2015 harvesting year at Baht 900 per ton of sugar cane at the sweetness of 10 C.C.S with the price to be increased or decreased by Baht 54 per ton for each 1 C.C.S variation.

20. Long-term loans

Loan	Credit facilities	Interest rate (Million Baht)	Repayment schedule (%)	Consolidated financial statements		Separate financial statements	
				2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
1	23.7	4	10 semi-annual installments of Baht 0.84 - 3.97 million each, with the amount raised every year, commencing from February 2011	-	7,820	-	7,820
2	1,115.0	AMLR-2.95	12 semi-annual installments of Baht 40 - 140 million each, with the amount rised every year, commencing from June 2015	950,000	1,070,000	-	-
3	2,230.0	MLR-3.35	12 semi-annual installments of Baht 186 million each, with the same amount every year, last installment Baht 184 million, commencing from June 2016	1,907,700	397,000	1,907,700	397,000
4	150.0	4.8	15 semi-annual installments of Baht 10 million each, with the same amount every year, commencing from December 2015	140,000	150,000	140,000	150,000
5	600.0	4.5	Prepayment of all principals within 30 April 2016	530,000	-	530,000	-
6	282.0	MLR - 3.35	12 monthly installments of Baht 23.5 million each, with the same amount every year, commencing from June 2017	105,600	-	105,600	-
Total				3,633,300	1,624,820	2,683,300	554,820
Less: Current portion				(1,082,000)	(137,820)	(922,000)	(17,820)
Long-term loans - net of current portion				2,551,300	1,487,000	1,761,300	537,000

Movements in the long-term loans account during the year ended 31 December 2015 are summarised below.

	Consolidated financial statements (Thousand Baht)	Separate financial statements (Thousand Baht)
Balance as at 1 January 2015	1,624,820	554,820
Add: Additions	2,146,300	2,146,300
Less: Repayments	(137,820)	(17,820)
Balance as at 31 December 2015	3,633,300	2,683,300

On 10 February 2015, the Company entered into loan agreement with a local bank of Baht 600 million. The objective is to fund the sugar cane plantation harvesting season 2015/2016. Loan is a Baht loan and to be repaid in full within 30 April 2016.

On 25 September 2015, the Company entered into loan agreement with a local bank of Baht 282 million. The objective is to fund the acquisition machinery. Long-term loan is a Baht loan and to be repaid in full within 7 years and 6 months. The loan is payable on semi-annual basis, the first installment is payable in June 2016.

These loans are secured by mortgage of project land and construction thereon, and machinery and equipment of the Company and a subsidiary.

The loan agreements contain several covenants which, among other things, require the Company to maintain long-term debt-to-equity ratio at the rate prescribed in the agreements.

As at 31 December 2015, the long-term credit facilities of the Company and its subsidiary which have not yet been drawn down amounted to Baht 569 million (2014: Baht 2,475 million) (The Company only: Baht 569 million, 2014: Baht 2,475 million).

21. Liabilities under finance lease agreements

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Liabilities under finance lease agreements	22,966	15,864	20,762	14,422
Less: Deferred interest expenses	(1,719)	(1,355)	(1,546)	(1,217)
Total	21,247	14,509	19,216	13,205
Less: Portion due within one year	(6,212)	(3,641)	(5,654)	(3,362)
Liabilities under finance lease agreements - net of current portion	15,035	10,868	13,562	9,843

The Company and a subsidiary have entered into the finance lease agreements with leasing company for rental of equipment and vehicle for use in their operation, whereby they are committed to pay rental on a monthly basis. The term of the agreements is generally 4 years. Finance lease agreements cannot be cancelled.

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

	Consolidated financial statements		
	As at 31 December 2015		
	Less than (Thousand Baht)	1 - 5 years (Thousand Baht)	Total (Thousand Baht)
Future minimum lease payments	7,073	15,893	22,966
Deferred interest expense under finance lease agreement	(861)	(858)	(1,719)
Present value of future minimum lease payments	6,212	15,035	21,247

21. Liabilities under finance lease agreements (Continued)

Consolidated financial statements			
As at 31 December 2014			
	Less than (Thousand Baht)	1 - 5 years (Thousand Baht)	Total (Thousand Baht)
Future minimum lease payments	4,257	11,607	15,864
Deferred interest expense under finance lease agreement	(616)	(739)	(1,355)
Present value of future minimum lease payments	3,641	10,868	14,509

Separate financial statements			
As at 31 December 2015			
	Less than (Thousand Baht)	1 - 5 years (Thousand Baht)	Total (Thousand Baht)
Future minimum lease payments	6,430	14,332	20,762
Deferred interest expense under finance lease agreement	(776)	(770)	(1,546)
Present value of future minimum lease payments	5,654	13,562	19,216

Separate financial statements			
As at 31 December 2014			
	Less than (Thousand Baht)	1 - 5 years (Thousand Baht)	Total (Thousand Baht)
Future minimum lease payments	3,922	10,500	14,422
Deferred interest expense under finance lease agreement	(560)	(657)	(1,217)
Present value of future minimum lease payments	3,362	9,843	13,205

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Provision for long-term employee benefits				
at beginning of year	32,979	26,702	30,267	24,423
Included in profit or loss:				
Current service cost	5,026	5,217	4,516	4,884
Interest cost	1,151	1,060	1,036	960
Provision for long-term employee benefits at end of year	39,156	32,979	35,819	30,267

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

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Cost of sales	3,523	2,168	3,523	2,168
Selling and administrative expenses	2,654	4,109	2,029	3,676
Total expenses recognised in profit or loss	6,177	6,277	5,552	5,844

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 2 million) (2014: Baht 2 million, separate financial statements: Baht 2 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 17 years (Separate financial statements: 17 years) (2014: 17 years, separate financial statements: 17 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (% per annum)	2014 (% per annum)	2015 (% per annum)	2014 (% per annum)
Discount rate	4.4	4.4	4.4	4.4
Future salary increase rate	4.0 - 8.0	4.0 - 8.0	4.0 - 8.0	4.0 - 8.0
Staff turnover rate (depending on age)	6.0 - 16.0	6.0 - 16.0	6.0 - 16.0	6.0 - 16.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	Consolidated financial statements		Separate financial statements	
	Increase 1% (Million Baht)	Decrease 1% (Million Baht)	Increase 1% (Million Baht)	Decrease 1% (Million Baht)
Discount rate	(2)	2	(2)	3
Salary increase rate	3	(3)	3	(3)

	Consolidated financial statements		Separate financial statements	
	Increase 20% (Million Baht)	Decrease 20% (Million Baht)	Increase 20% (Million Baht)	Decrease 20% (Million Baht)
Turnover rate	2	(2)	2	(2)

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

24. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Salaries and wages and other employee benefits	391,784	392,653	345,839	373,206
Depreciation and amortisation	311,462	205,988	242,302	186,885
Transportation expenses	171,584	132,429	164,817	126,366
Stabilisation costs, research fee and contribution to Cane and Sugar Fund	92,040	81,678	92,040	81,678
Maintenance expenses	262,214	218,385	234,978	175,758
Rental expenses from operating lease agreements	41,968	26,311	40,573	19,681
Raw materials and consumables used	3,284,755	3,035,710	2,770,561	3,028,313
Changes in inventories of finished goods and work in process	49,825	302,649	45,949	296,277

25. Income tax

25.1 Deferred tax assets / liabilities

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Deferred tax assets				
Allowance for doubtful accounts	12,119	11,901	12,119	11,901
Allowance for diminution in value of inventories	72	4	72	4
Derivative revaluation				
Reflected in profit or loss	-	575	-	575
Reflected in shareholders' equity	-	5,965	-	5,965
Finance lease	260	-	260	-
Provision for long-term employee benefits	7,831	6,596	7,164	6,053
Unused tax loss	74,449	8,989	74,449	-
Total	94,731	34,030	94,064	24,498

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Deferred tax liabilities				
Financial lease	-	59	-	59
Derivative revaluation				
Reflected in profit or loss	626	-	626	-
Reflected in shareholders' equity	2,967	-	3,145	-
Accumulated depreciation - Plant and equipment	69,847	63,966	69,847	63,966
Total	73,440	64,025	73,618	64,025
Deferred tax assets - net	21,291	9,532	20,446	-
Deferred tax liabilities - net	-	39,527	-	39,527

The unused tax losses amounting to Baht 372 million will expire by the year 2020.

25.2 Income tax expenses

Income tax for the year ended 31 December 2015 and 2014 are summarised below.

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Current income tax:				
Current income tax charge during the year	2,482	78,481	-	76,746
Deferred tax:				
Relating to origination and reversal of temporary differences	(60,219)	2,407	(69,084)	5,952
Income tax expense reported in the statements of comprehensive income	(57,737)	80,888	(69,084)	82,698

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 is presented below.

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Accounting profit before tax	(107,916)	399,570	(180,310)	415,739
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	(21,583)	79,914	(36,062)	83,148
Effects of:				
Promotional privileges (Note 26)	(13,178)	354	-	-
Non-deductible expenses	4,008	1,444	3,767	1,221
Additional allowable expense deductions	(36,789)	(1,753)	(36,789)	(1,671)
Others 19	(205)	-	-	-
Unused tax losses of subsidiaries which may not be utilised	9,786	1,134	-	-
Income tax expenses reported in the statements of comprehensive income	(57,737)	80,888	(69,084)	82,698

25.3 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Deferred tax relating to				
Loss on unrealised from derivative revaluation	(8,933)	5,965	(9,111)	5,965

As at 31 December 2015, the Company and the subsidiaries has deductible temporary differences and unused tax losses totaling Baht 49 million (2014: Baht 7 million), on which deferred tax assets have not been recognised as the Company and the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

26. Promotional privileges

On 19 April 2013, a subsidiary company received promotional privileges from the Board of Investment for its electricity and steam from biomass fuels pursuant to the promotion certificate No. 1557(1)/2556. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (on 18 December 2014) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The entire amounts of Company's sale in 2015 and 2014 are derived from non-promoted operations

27. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following tables set forth the computation of basic earnings per share:

Consolidated financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (losses) per share	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand shares)	2014 (Thousand shares)	2015 (Baht)	2014 (Baht)
Basic earnings (losses) per share						
Profit (loss) attributable to equity holders of the Company	(50,178)	318,682	600,000	567,397	(0.08)	0.56

Separated financial statements						
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (losses) per share	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand shares)	2014 (Thousand shares)	2015 (Baht)	2014 (Baht)
Basic earnings (losses) per share						
Profit (loss) attributable to equity holders of the Company	(111,226)	333,041	600,000	567,397	(0.19)	0.59

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 3 reportable segments as follows:

- The sugar cane segment: production, distribution of sugar cane and related services, e.g. provision of agricultural machines and vehicles (sugar cane harvesters and tractors), to planters who sell sugar cane to the Company
- The sugar and molasses trading segment: purchase and sale of sugar, molasses and by products
- The utilities segment: generation of electricity and steam whereby bagasses are used as main fuel

In the current year, the Company and its subsidiaries have restructured their operations by aggregating service segments and sugar cane segment for benefit of their administration.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries operating segments for the years ended 31 December 2015 and 2014, respectively.

For the year ended 31 December 2015							
	Sugar cane segment (Thousand Baht)	Sugar and molasses trading (Thousand Baht)	Utilities segment (Thousand Baht)	Others (Thousand Baht)	Total reportable segments (Thousand Baht)	Adjustments and eliminations (Thousand Baht)	Consolidated (Thousand Baht)
Revenue from external customers	5,230,966	823,517	549,042	-	6,603,525	-	6,603,525
Inter-segment revenue	229,860	58	415,497	-	645,415	(645,415)	-
Total	5,460,826	823,575	964,539	-	7,248,940	(645,415)	6,603,525
Interest revenue	71,674	102	147	20	71,943	(17,095)	54,848
Interest expense	57,397	474	56,521	757	115,149	(17,095)	98,054
Depreciation and amortisation	242,302	112	72,399	-	314,813	(3,351)	311,462
Gain (loss) on disposal of property, plant, and equipment	9,328	-	-	-	9,328	-	9,328
Income tax expense	69,084	(2,483)	(8,864)	-	57,737	-	57,737
Segment profit (loss)	(111,226)	8,912	212,778	(7,575)	102,889	(153,067)	(50,178)
Segment total assets	9,152,214	312,581	2,244,918	23,628	11,733,341	(1,664,283)	10,069,058
Additions to non-current assets other than financial instruments, deferred tax assets	2,392,222	(57)	56,707	-	2,448,872	(108,199)	2,340,673

For the year ended 31 December 2014							
	Sugar cane segment (Thousand Baht)	Sugar and molasses trading (Thousand Baht)	Utilities segment (Thousand Baht)	Others (Thousand Baht)	Total reportable segments (Thousand Baht)	Adjustments and eliminations (Thousand Baht)	Consolidated (Thousand Baht)
Revenue from external customers	5,400,989	677,609	101,660	-	6,180,258	-	6,180,258
Inter-segment revenue	84,327	-	158,727	-	243,054	(243,054)	-
Total	5,485,316	677,609	260,387	-	6,423,312	(243,054)	6,180,258
Interest revenue	55,607	78	171	43	55,899	(5,673)	50,226
Interest expense	38,985	2,252	8,669	335	50,241	(5,673)	44,568
Depreciation and amortisation	187,107	11,330	13,389	-	211,826	(5,616)	206,210
Gain (loss) on disposal of property, plant, and equipment	168	4,533	-	-	4,701	(4,533)	168
Income tax expense	(82,698)	(3,803)	5,613	-	(80,888)	-	(80,888)
Segment profit (loss)	333,041	14,116	(26,146)	(3,411)	317,600	1,082	318,682
Segment total assets	6,446,989	277,476	2,195,527	28,445	8,948,437	(1,221,523)	7,726,914
Additions to non-current assets other than financial instruments, deferred tax assets	884,155	(53,123)	451,024	14,246	1,296,302	(13,918)	1,282,384

Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable segment.

Revenue from external customers is based on locations of customers.

	2015 (Million Baht)	2014 (Million Baht)
Revenue from external customers		
Thailand	3,569	2,908
Asia	2,029	2,291
Europe	852	902
Others	154	79
Total	6,604	6,180

Major customers

For the year 2015, the Company and its subsidiaries have revenue from 1 major customer in the amount of Baht 668 million, arising from the production and distribution of sugar cane segment (2014: Baht 1,061 million derived from 1 major customer, arising from the production and distribution of sugar cane segment).

29. Provident fund

The Company, subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries contribute to the fund monthly at the rates of 3 to 10 percent of basic salary and its employees contribute to the fund monthly at the rates of 3 to 10 percent of basic salary. The fund, which is managed by Kasikorn Asset management Company limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 8 million (2014: Baht 6 million) were recognised as expenses.

30. Dividends paid

	Approved by	Total dividends (Baht)	Dividend per share (Baht)
<u>2014</u>			
Dividends on income for the year 2013	Annual General Meeting of the shareholders on 22 April 2014	165,000,000	0.30
Interim dividends on income for the year 2014	Board of Directors' Meeting on 14 August 2014	90,000,000	0.15
		255,000,000	

	Approved by	Total dividends (Baht)	Dividend per share (Baht)
<u>2015</u>			
Dividends on income for the year 2014	Annual General Meeting of the shareholders on 28 April 2015	90,000,000	0.15
Interim dividends on income for the year 2015	Board of Directors' Meeting on 13 August 2015	30,000,000	0.05
		120,000,000	

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2015, the Company and its subsidiaries had capital commitments of approximately Baht 648 million (2014: Baht 2,760 million) (The Company only: Baht 81 million, 2014: Baht 2,174 million), relating to the construction of factory buildings, and acquisition of machinery.

31.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of buildings and equipment and service agreements.

Future minimum lease payments required under operating lease contracts and service agreements were as follows.

	Consolidated financial statements		Separate financial statements	
	2015 (Thousand Baht)	2014 (Thousand Baht)	2015 (Thousand Baht)	2014 (Thousand Baht)
Payable within:				
1 year	21	25	15	22
2 to 5 years	11	12	10	9
More than 5 years	7	-	-	-

31.3 Molasses sale/purchase commitments

As at 31 December 2015, the Company and subsidiary had molasses sale/purchase commitments of Baht 305 million (2014: Baht 318 million) (The Company only: Nil) and molasses sales of Baht 727 million (2014: Baht 393 million) (the Company only: Baht 282 million 2014: Baht 55 million) respectively, for which the delivery had not yet been made. The agreements mature within one year.

31.4 Cane sugar sales commitments

As at 31 December 2015, the Company had commitments of Baht 374 million (2014: Baht 430 million) relating to cane sugar sale agreements, for which delivery had yet to be made. The agreements mature within one year.

31.5 Electricity sale/purchase commitment

The subsidiary entered into the following agreements to sell electricity at a specified quantities and prices as defined in the agreements.

Company's name	Date of agreement	Period (Years)	Commencement date	End of period	Contracted capacity (MW)
Provincial Electricity Authority Provincial Electricity Authority (PEA)	20 July 2009	5	16 July 2013	Renewable for every 5 years	8
Electricity Generating Authority of Thailand ("EGAT")	27 October 2014	25	18 December 2014	27 October 2039	22

31.6 Agreements relating to the operation of electricity from biomass

On 1 December 2014, the Company and a subsidiary have revised and amended agreements relating to the operation of electricity from biomass. The terms are 3 years, as from the date of 5 December 2014 until 30 November 2017. The agreement shall be renewable for futhur 3 years, unless terminated by either party. The details are as follows:

a) The electricity sale/purchase agreement - The Company agreed to acquire an electricity voltage of 3300 volts for power supply of 2-25 megawatt (season based) from its subsidiary. The price is the same as the electricity price purchased from the Electricity Authority, excluding Adder.

b) The steam sale/purchase agreement - The Company agreed to acquire the steam, with the pressure of 0.5-23 bars and at the maximum volume of 470 tons per hour (season based), from its subsidiary. The price is as stipulated in the agreement.

c) The bagasse sale/purchase agreement - The Company agreed to sell at least 28% of the total sugar cane or at least 2.9 million tons of bagasse to its subsidiary. The price is as stipulated in the agreement.

In addition, the Company and the subsidiary entered into several lease agreements in respect of lease of land, building, and machinery to be used in the operation of electricity from biomass as mentioned in note 7. The terms of the agreements are generally 3-30 years.

31.7 Guarantees

(1) As at 31 December 2015, the Company guaranteed bank credit facilities of its subsidiary amounting to Baht 1,860 million (2014: Baht 1,860 million)

(2) As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 2 million and Baht 2 million (2014: Baht 2 million and Baht 2 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

(3) As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 82 million (2014: Baht 249 million) issued by banks on behalf of the subsidiary company in respect of performance under an electricity sale/purchase agreement and the submission of applications and offer to sell electricity. They were used as security with the Provincial Electricity Authority and the Electricity Generating Authority, in compliance with the regulations of purchasing electricity from small power producers.

31.8 Commitment in respect of uncalled investment

Subsidiary is committed to pay the uncalled portions of their investments as follows:

	As at 31 December	
	2015 (Million Baht)	2014 (Million Baht)
KBS Cane and Sugar Co., Ltd.	2.5	2.5
KBS Power Co., Ltd.	2.5	2.5

32. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	Consolidated Financial Statements			
	Level 1 (Million Baht)	Level 2 (Million Baht)	Level 3 (Million Baht)	Total (Million Baht)

Assets measured at fair value

Derivatives

Commodity swaps	-	20	-	20
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Financial liabilities measured at fair value

Derivatives

Foreign currency forward contracts	-	2	-	2
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	Separate Financial Statements			
	Level 1 (Million Baht)	Level 2 (Million Baht)	Level 3 (Million Baht)	Total (Million Baht)

Assets measured at fair value

Derivatives

Commodity swaps	-	20	-	20
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Financial liabilities measured at fair value

Derivatives

Foreign currency forward contracts	-	1	-	1
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33. Financial instruments

33.1 Financial risk management

The Company and its subsidiaries financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivable, sugar cane plantation receivables, short-term loans from financial institutions, short-term loans related parties, trade and other payable, amount due to the Office of the Cane and Sugar fund, long-term loans from financial institutions and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, sugarcane plantation receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, sugarcane plantation receivables, and loans as stated in the statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its deposits at financial institutions, sugarcane plantation receivables, loans, bank overdrafts, liabilities under the financial lease agreement and interest bearing borrowings. However, since most of the Company and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing (Million Baht)	Total (Million Baht)	Interest rate (% p.a.)
	Within 1 year (Million Baht)	1-5 years (Million Baht)				
Financial assets						
Cash and cash equivalents	-	-	81	1	82	Note 8
Trade and other receivables	-	-	-	490	490	
Sugarcane plantation receivables	815	269	-	-	1,084	Note 10
	815	269	81	491	1,656	
Financial liabilities						
Short-term loans from financial institutions	1,203	-	-	-	1,203	Note 8
Trade and other payables	-	-	-	1,140	1,140	
Amounts due to the Office of the Cane and Sugar fund	-	-	-	48	48	
Long-term loans from financial institutions	550	120	2,963	-	3,633	Note 20
Liabilities under financial lease agreement	6	15	-	-	21	Note 21
	1,759	135	2,963	1,188	6,045	

Consolidated financial statements						
As at 31 December 2014						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing (Million Baht)	Total (Million Baht)	Interest rate (% p.a.)
	Within 1 year (Million Baht)	1-5 years (Million Baht)				
Financial assets						
Cash and cash equivalents	-	-	302	-	302	Note 8
Trade and other receivables	-	-	-	448	448	
Sugarcane plantation receivables	737	296	-	-	1,033	Note 10
	737	296	302	448	1,783	
Financial liabilities						
Short-term loans from financial institutions	435	-	-	-	435	Note 18
Short-term loans from related party	98	-	-	-	98	3.2%
Trade and other payables	-	-	-	1,259	1,259	
Amounts due to the Office of the Cane and Sugar fund	-	-	-	70	70	
Long-term loans from financial institutions	18	140	1,467	-	1,625	Note 20
Liabilities under financial lease agreement	4	11	-	-	15	4% - 5%
	555	151	1,467	1,329	3,502	
Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate (Million Baht)	Non- interest bearing (Million Baht)	Total (Million Baht)	Interest rate (% p.a.)
	Within 1 year (Million Baht)	1-5 years (Million Baht)				
Financial assets						
Cash and cash equivalents	-	-	29	-	29	Note 8
Trade and other receivables	-	-	-	662	662	
Planter receivables sugarcane plantation loans	815	269	-	-	1,084	Note 10
Short-term loans to related parties	362	-	-	-	362	4.975%-5.125%
	1,177	269	29	662	2,137	
Financial liabilities						
Short-term loans from financial institutions	1,173	-	-	-	1,173	Note 18
Trade and other payables	-	-	-	1,158	1,158	
Amounts due to the Office of the Cane and Sugar fund	-	-	-	48	48	
Long-term loans from financial institutions	550	120	2,013	-	2,683	Note 20
Liabilities under financial lease agreement	6	14	-	-	20	Note 21
	1,729	134	2,013	1,206	5,082	

Separate financial statements						
As at 31 December 2014						
	Fixed interest rates				Total (Million Baht)	Interest rate (% p.a.)
	Within 1 year (Million Baht)	1-5 years (Million Baht)	Floating interest rate (Million Baht)	Non- interest bearing (Million Baht)		
Financial assets						
Cash and cash equivalents	-	-	138	-	138	Note 8
Trade and other receivables	-	-	-	485	485	
Planter receivables sugarcane plantation loans	736	296	-	-	1,032	Note 10
Short-term loans to related parties	340	-	-	-	340	5.125%
	1,076	296	138	485	1,995	
Financial liabilities						
Short-term loans from financial institutions	415	-	-	-	415	Note 18
Short-term loans from related party	99	-	-	-	99	3.2%
Trade and other payables	-	-	-	1,041	1,041	
Amounts due to the Office of the Cane and Sugar fund	-	-	-	70	70	
Long-term loans from financial institutions	18	140	397	-	555	Note 20
Liabilities under financial lease agreement	3	10	-	-	13	4% - 5%
	535	150	397	1,111	2,193	

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and its subsidiaries have a significant foreign currency risk in respect of selling goods and purchasing equipment denominated in foreign currencies. However, the Company and its subsidiaries have entered into forward contracts, matured within one year to mitigate the foreign currency risk.

The Company has appointed a related company as its representative for the purpose of concluding forward exchange contracts, with power of attorney. The Company agrees to accept liability for any losses.

The Company and its subsidiaries had the following foreign currency financial assets and liabilities as follows:

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2015 (Million)	2014 (Million)	2015 (Million)	2014 (Million)	2015 (Baht per 1 foreign currency unit)	2014
US dollar	0.9	5.7	-	0.3	35.9233	32.963

The balances of forward exchange contracts are summarised below.

Consolidated financial statements as at 31 December 2015					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought (Baht per 1 foreign currency unit)	Sold	
US dollar	-	7.8	-	35.71 - 36.25	August - September 2016
Pound sterling	0.3	-	53.19 - 55.41	-	February - July 2016
Japanese yen	2.3	-	0.3029	-	March 2016

Separate financial statements as at 31 December 2015					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought (Baht per 1 foreign currency unit)	Sold	
S dollar	-	5	-	35.79 - 36.25	August - September 2016
Pound sterling	0.3	-	53.19 - 55.41	-	February - July 2016
Japanese yen	2.3	-	0.3029	-	March 2016

Consolidated / Separate financial statements as at 31 December 2014			
Foreign currency	Sold amount (Million)	อัตราแลกเปลี่ยน	Contractual maturity date
		Exchange rate (Baht per 1 foreign currency unit)	
US dollar	33	32.75 - 33.48	From March 2015 to December 2015

Sugarcane price fluctuation risk

The cane and sugar industry in Thailand is an industry under the supervision of a government agency, the Cane and Sugar Board, under the Cane and Sugar Act B.E. 2527, which imposes the following restrictions:

1. A quota system for the allocation of sugar distribution channels as follows:
 - 1.1 Quota A for the sugar produced for domestic consumption,
 - 1.2 Quota B for the raw sugar identified by the Cane and Sugar Board as processed by sugar mills for delivery to Thailand Cane and Sugar Corporation (TCSC) for distribution. This quota is used as a base for setting the standard price of raw sugar exported to calculate the income of the system,
 - 1.3 Quota C for the sugar processed by sugar mills for export sales or as raw materials for the manufacture of products to be exported.
2. Allocation of profit is generated by the system between the cane farmers and the sugar mills under a benefit sharing arrangement, whereby cane farmers receive 70% of the income, which is the cane price, and the sugar mills receive 30%, which is the return on production.

The net income of the cane and sugar system is calculated based on the income from the domestic sugar distribution (Quota A) and income from exports (Quota B and Quota C: using the average price of the sugar

in Quota B and the exchange rate of the actual sales made by TCSC as the base for calculation of export sales income) less the expenses of the Cane and Sugar Industry. Currently, the ratio of exported sugar to domestically sold sugar is approximately 70:30.

As a result of the above system, the selling price of sugar under Quota B and the exchange rate of the actual sales made by TCSC have substantial impact on the cane price, which is the major cost of the sugar production. To manage the risk of fluctuating gross profit, the Company applies the following risk management measures:

1. It enters into sugar futures contracts to sell sugar in the futures market, with the prices, quantities and due dates being referenced to actual sales of sugar of TCSC.

2. The Company closes its positions under futures contracts when actual sales of sugar are made to customers. The closed position is made by entering into forward contracts to purchase sugar at the same price and in the same quantity as the actual sales to the customers, with terms of an equal length to those of the forward sales contracts.

These risk management measures enable the Company to manage risk efficiently in any circumstances, with the Company being able to set future selling prices that are close to the selling price fixed by TCSC. The result of this is that the Company is able to maintain a stable gross profit, based on the margin between the selling price of the Company and the cost of sugar cane derived from the selling price fixed by TCSC.

The balances of commodity swap contracts that were made in the name of the Company are summarised below.

As at 31 December 2015					
Commodity type	Bought amount	Sold amount	Contract value		Contractual maturity date
			Bought	Sold	
Sugar	14,200 tons	3,000 tons	5.30 million US Dollar	1.23 million US Dollar	February - September 2016

As at 31 December 2014			
Commodity type	Bought amount	Contract value	Contractual maturity date
Sugar	19,450 tons	7.26 million US Dollar	February - June 2015

33.2 Fair values of financial instruments

Since the majority of the financial instruments of the Company and its subsidiaries are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the financial position.

Fair value of derivative instruments as presented in consolidated financial statements and separate financial statements consists of:

	Consolidated financial statements		Separate financial statements	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
	Fair value	Fair value	Fair value	Fair value
	Gain (loss) (Million Baht)	Gain (loss) (Million Baht)	Gain (loss) (Million Baht)	Gain (loss) (Million Baht)
Derivatives				
Forward exchange contracts	(1.9)	(9.0)	(1.0)	(9.0)
Commodities swap contracts	19.9	(23.7)	19.9	(23.7)

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable, short-term loans and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.

b) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

c) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries considered counterparty credit risk when determining the fair value of derivatives

During the current period, there were no transfers within the fair value hierarchy.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.53:1 (2014: 0.88:1) and the Company's was 1.32:1 (2014: 0.55:1).

35. Event after the reporting period

On 25 January 2016, the Extraordinary General Meeting of the Shareholders of Khonburi Bio Energy Co., Ltd. (a subsidiary) passed a special resolution to increase its registered share capital by Baht 433 million, from Baht 7 million to Baht 440 million, through the issuance of 4,330,000 new ordinary shares with a par value of Baht 100 each, of which 25% or Baht 25 per share, is to be called up. A subsidiary registered the increase in its share capital with the Ministry of Commerce on 4 February 2016.

On 23 February 2016, a meeting of the Company's Board of Directors passed a resolution proposing the payment of a dividend of Baht 0.05 per share from the retained earnings, for approval by the Annual General Meeting of the Company's shareholders. During the year 2015, the Company paid an interim dividend of Baht 0.05 per share.

36. Approval of financial statements

These financial statements were authorised for issue by authorised directors on 23 February 2016.

References

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ห้องปฏิบัติการควบคุมคุณภาพ เคมีเอส



วางใจกับความคุ้มค่า ด้วยความหวาน 2 เท่าของน้ำตาลทราย ในปริมาณการใช้เพียงครึ่งจาก KBS 2X ที่เรามุ่งมั่นพัฒนา เพื่อให้ผู้ประกอบการทุกธุรกิจอาหารได้ส่งต่อความสุหอมหวานให้แก่ผู้บริโภคได้มากขึ้น **KBS 2X Double Sweet** หวาน 2 เท่า สุขเต็มคุ้ม



บอ. 4191/2557



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