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Corporate Governance

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



Message from the Chairman and the Chairman of Executive Committee



Mr. Suthep Wongvorazathe

Chairman

Dear Shareholders,

As to the overview of business in 2017, sugar industry situation continued to decelerate. The sugar price has been much fluctuated as in the price went up to 20 cents per pound at the beginning of 2017 and dropped to 14-15 cents per pound at the year end. Moreover, the drought situation in 2016 caused the decrease of sugarcane procured for crushing in 2016-2017 season ,as the result, the total sugarcane crushing over the country was only 93 million tons.

The year 2017 was a suffering year for KBS since the company had to face a number of negative factors affecting our performance, such as the increasing of outer space sugarcane transportation cost and the drought situation in 2016 affected the sugarcane available for crushing this year by decreasing from 2.65 million tons to 2.44 million tons or 8 percent decreasing. For all those reasons, the company had higher material cost in term of cane cost, bagasse cost and also production cost which showed that the company had a net loss of THB 376.6 million.

However, the company has plan to increase the number of sugarcane crushing by establish new sugar mill in Sikhew District, Nakhon Ratchasima Province. The current situation for the new sugar mill is in the Environmental Impact Evaluation process or EIA. The project forecast to be finished in 2020.



Mr. Takon Tawintermsup
Chairman of Executive Committee

In term of sales promotion and marketing, currently the company has three products under KBS brand, namely refined sugar "KBS First", natural sugar "KBS Brown" and extra sweet sugar "KBS 2X Double Sweet". The Company has adopted various marketing strategies to promote brand awareness among customers. Our main customers are Industrial customers, Modern trade customers, Distributors and Business channel. The company uses different strategies to meet customers' satisfaction to build sustainable brand loyalty in the future.

With respect to Corporate Social Responsibility (CSR), the Company continues to implement many projects and establish the CSR committee to improve the quality of life of our employees and communities surrounding the factory, such as "University in factory" program to provide employees 'self-improvement, "KBS KPP Good Students" project to provide scholarships to students from many schools near the factory and also other dedicated projects.

Finally, on behalf of the Board of Directors, I would like to thank our shareholders, executives, employees and all related parties as well as financial institutions. KBS Group will continue to conduct business with care, transparency, and adherence to corporate governance principles to ensure that KBS will enjoy sustainable growth and be prepared for competition in the industry to become the leading organization in cane, sugar and bio-energy industry in the future.

Board of Directors



1. Mr. Suthep Wongvorazathe
Chairman, Independent
Director



2. Mrs. Suvimol Krittayakiern
Independent Director,
Chairman of the Audit
Committee



3. Mr. Takon Tawintermsup
Director, Chairman of
Executive Committee



4. Dr. Thawatchai Nakhata
Independent Director,
Chairman of the
Nomination and
Remuneration Committee



5. Mr. Sran Smutkochorn
Independent Director,
Chairman of Risk Management
Committee, The Nomination and
Remuneration Committee



6. Mr. Voravit Rojrapitada Independent Director, Audit Committee, Risk Management Committee



7. Mr. Suwat Summasshipvitsavakul Independent Director, Audit Committee



8. Mr. Tat Wanakornkul Director, Executive Director, Risk Management Committee



9. Mr. Somkiat Twiltermsup Director, Executive Director, Risk Management Committee



10. Mr. Issara Twiltermsup Director, Executive Director, Risk Management Committee



11. Mr. Amnart Rumpoeypong
Director, The Nomination and
Remuneration Committee

Management Team



1. Mr. Tat Wanakornkul Managing Director



2. Mr. Somkiat Twiltermsup
Deputy Managing Director
of Marketing



3. Mr. Kriangsak Phattarakosol Deputy Managing Director of Raw Material



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



5. Mr. Rangsan Twiltermsup Assistant Managing Director of Supply Chain



6. Mr. Dumrong Putiput Technical and Project Director



7. Mr. Rakkiti Tanglamlert Chief Financial Officer

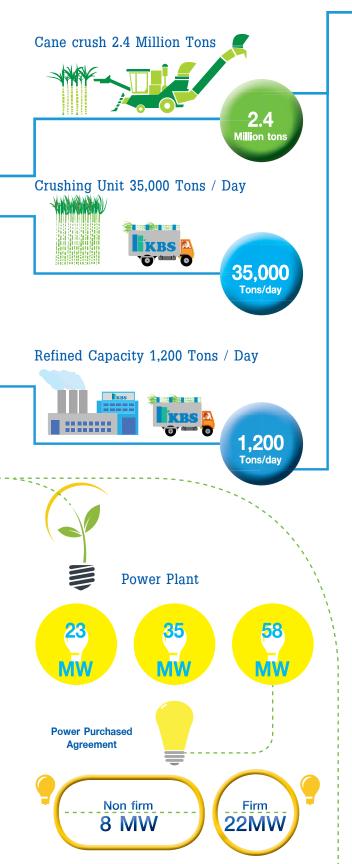


8. Mr. Anusit Bowornnimit
Business Development
Director



9. Ms. Surawee Puangthong Senior Finance Manager

Business Highlights 2017



Sales by Geographic Sugar selling proportion of year 2016/2017

Sugar for export 75% Sugar for domestic sale 25%







Financial Highlights

Key Financial Highlight	2015	2016	2017
Financial Status (THB mm.)			
Cash and Cash Equivalents	82	126	233
Total Assets	10,069	10,608	10,158
Total Liabilities	6,098	7,060	7,012
Total Shareholders' Equity	3,971	3,548	3,146
Operating Results (THB mm.)			
Sale and Service Income	6,542	6,925	7,820
Total Revenues	6,665	7,161	8,171
Cost of Sales and Services	6,035	6,646	7,708
Selling and Administrative Expenses	585	614	586
Loss from subsidiary's accident	-	135	-
Profit (loss) before Finance Cost and Income Tax	(10)	(234)	(146)
Finance Cost	98	189	194
Income tax (revenues) expenses	(58)	(68)	37
Profit (loss) for the years	(50)	(355)	(377)
Financial Ratios			
Gross Profit Margin	7.8%	4.0%	1.4%
Net Profit Margin	(0.8%)	(5.1%)	(4.6%)
Return on Asset (ROA)	(0.5%)	(3.3%)	(3.7%)
Return on Equity (ROE)	(1.3%)	(10.0%)	(12.0%)
Total Debt per Equity (D/E)	1.5	2.0	2.2
Value/share (Baht/share)			
Book Value per Share	6.62	5.91	5.24
Earning per Share	(0.08)	(0.59)	(0.63)

Award and Accreditation

























By the strong intention of every management and employee to become organization operating businesses together with the corporate social responsibility, Khonburi Sugar Public Company Limited received award of pride from prestigious institution such as Award of occupation safety and health bereau, 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 bereau Award 2012-2016
- 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.

Corporate background and major developments

1965	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.
1967	Increased the Company's registered capital to Baht 100 million and increased production capacity to 13,690 tons cane a day.
1996	Relocated the production base to Khonburi District, Nakhonratchasima Province with the registered capital of Baht 300 million
1997	Increased the registered capital to Baht 350 million to expand the production capacity to 21,000 tons cane a day.
2007	The Company's name was changed to "Khonburi Sugar Company Limited"
2010	The Company's name was changed to "Khonburi Sugar Public Company Limited The production capacity was increased from 21,000 tons cane a day to 23,000 tons cane a day.
2011	Increasing of the registered capital to Baht 500 million and listed the Company's on the shares Stock Exchange of Thailand.
2012	Entered into Strategic Alliance Agreement with Mitsui Group from Japan.
2013	Increased the registered capital to be Baht 600 million.
2014	Launching "KBS Brand" to released new 3 products; KBS First (refined sugar) KBS Brown (natural sugar) and KBS2X Double Sweet (Sucralose blended sugar)
2015	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 ton canes/day
2016	In March 2016, The Company's announce to Thailand's Private Sector Collective Action Coalition Against Corruption
2017	On November 2017, the company received a Certificate of Membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

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General Information

1. 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 Nue, 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

2. KBS Trading Co., Ltd.

Year of Established	2008 (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

3. Khonburi Power Plant Co., Ltd.

Year of Established	Year 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

4. 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 440,000,000
Paid-up capital	Baht 115,250,000
Head Office	5 Soi Sukhumvit 57 Klongton Nue, Wattana, Bangkok 10110
	Tel.: (662) 725 4888 Fax.: (662) 725 4877
Website	www.kbs.co.th
Remark	While no significant operation

5. KBS Investment Co., Ltd.

Year of Established	2014
Nature of Business	Holding Company
Company registration number	0105557044018
Registered capital	Baht 145,000,000
Paid-up capital	Baht 43,750,000
Head Office	5 Soi Sukhumvit 57 Klongton Nue, Wattana, Bangkok 10110
	Tel.: (662) 725 4888 Fax.: (662) 725 4877
Website	www.kbs.co.th
Remark	While no significant operation

6. KBS Cane and Sugar Co., Ltd.

Year of Established	2014
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 Nue, Wattana, Bangkok 10110
	Tel.: (662) 725 4888 Fax.: (662) 725 4877
Website	www.kbs.co.th
Remark	While no significant operation

7. KBS Power Co., Ltd.

Year of Established	2014
Nature of Business	Generating and distribution of electricity using bagasses as feedstock
Company registration number	0105557046347
Registered capital	Baht 140,000,000
Paid-up capital	Baht 38,750,000
Head Office	5 Soi Sukhumvit 57 Klongton Nue, Wattana, Bangkok 10110
	Tel.: (662) 725 4888 Fax.: (662) 725 4877
Website	www.kbs.co.th
Remark	While no significant operation

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 2017

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
- Public Relation Legal and Administration
 Sub Committee



In 2017, 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 40 students from the first batch have graduated with a vocational diploma. Later in 2018, 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 81 scholarships, which enable these local children to have a better chance in education. The project has been implemented continuously

for 7 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.

"Community service for Jor-ra-kea-hin community"

The company volunteers service to the community for the "Be united to make beautiful canal and clean water with no Water hyacinth" project by collaboration with governmental department in Kornburi district, soldier, police officer and villager to clean the canal and also eliminate unwanted plant.

"Afforest over the country" campaign

The company join the campaign by co-operate with governmental department in Kornburi district, soldier, police officer and villager to afforest at kao-pre-du at Khonburi district, Nakhon Ratchasima province.





"Patient visit"

The company volunteers service by visit patients who cannot live a normal life by co-operate with hospital at Khonburi district. This campaign has been operate over three years.

"Safety day"

Refer to the Act of safety, occupational health and environment at work 2011, the company established board of safety, occupational health and environment at work and the board decided to arrange the 2017 safety day to create safety conscious in the factory.

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 2015 activity on the same day. This activity was organized to promote knowledge and awareness on work safety among all employees.

"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 2017. 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" Activity

The Company and the Lum Moon Bon Sugar Cane Planter Association had jointly convened annual ordinary meeting or "Sweet Sugarcane Day" exhibition in order to exchange data, knowledge, situation, and information on sugarcane and sugar, and promote and support farmers and their family members to plant sugarcane for stable and sustainable source of income.

"Blood donation campaign"

KBS and the Thai red-cross society of Nakhon Ratchasima province create blood donation day around the factory and more than 1,561 persons has joined the campaign.

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

Internal Control and Risk Management

The Board of committee responsible for internal control system including finance, corporate governance, and risk management hence the committee assigns the role to internal audit committee for truthful financial statements. Moreover, the internal audit committee has a role to examine the internal audit system for efficient and effective risk management, set the appropriate risk evaluation, and consider transactions according to the SET legislation, procedure and related business law.

In October 2010, the company established internal audit department for control the effectiveness of internal audit system and to ensure sufficient and appropriate internal control. As of December 31st, 2017, the internal department has four officers.

The Board of Directors No.1 /2018 on February 27th, 2018 by independent directors and audit committee members, the committee considered the process of internal control under 5 elements from COSO Framework as follows.

- 1) Controlling environment
- 2) Risk Evaluation
- 3) Controlling Measure
- 4) Information technology and communication
- 5) Monitoring system

As the opinion from The Board of Directors, the company had sufficient internal control and no defective in term of the controlling system according to the report. Moreover, EY Company Limited (accounting auditor) who determined 2017 financial report had an opinion about accounting and financing control but nothing materiality.

The board of director commented that the company has sufficient and appropriate internal control which can prevent conflicts of interest from executive.

Internal audit department has plan and policy in term of auditing which may happens. On November 2nd, 2017, The Audit Committee No.4/2017 approved yearly plan for 2018 by focus on Production, Raw material, Supply chain, Human resource, Information and Communication and Technology and also certify the private sector Collective Coalition against Corruption policy.

Business operation and income structure



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 13rd in the group of sugar manufacturers and distributors of Thailand with the total sugar output in 2017 of 267,958.95 tons.

KBS Group establishes the vision to be the 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.

Nature of Business









KBS's Business Overview

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

	For the year		For the year		For the year	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic sales						
- Refined sugar and super Refined sugar ¹	914.5	14.1	846.8	11.8	1,157.2	14.2
- White sugar ¹	529.1	8.2	798.6	11.2	423.1	5.2
- Raw sugar, brown sugar and natural sugar	111.8	1.7	461.2	6.4	95.7	1.2
Total domestic sales	1,555.4	24.0	2,106.6	29.4	1,676.1	20.6
International sales, (Sugar)						
- Refined sugar and super refined sugar	2,653.0	39.4	2,912.2	40.7	3,347.2	41.0
- Refined sugar	138.9	2.1	110.5	1.5	48.0	0.6
- VHP sugar	123.5	1.8	44.6	0.6	44.9	0.5
- Bulk raw sugar	117.0	1.7	197.2	2.8	241.2	3.0
Total internation sales	3,032.4	45.1	3,264.5	45.6	3,681.3	45.0
Total sugar sales	4,587.8	69.1	5,371.1	75.0	5,357.4	65.6
Molasses sales, (as by-product from sugar production)	530.7	7.9	556.2	7.8	518.5	6.3
Molasses trading	531.3	7.9	406.7	5.7	1,104.6	13.5
Total	1,062.0	15.8	962.9	13.4	1,623.1	19.9
Electricity sales	549.0	8.2	320.0	4.5	483.6	5.9
Agricultural product sales and services	343.5	5.1	271.1	3.8	356.1	4.4
Other income	123.1	1.8	235.9	3.3	351.7	4.3
Total revenues	6,665.4	100.0	7,161.0	100.0	8,171.9	100.0

Note: 1 Including sugar to industrial customer for export

Sugar production and distribution business

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.

Brown Sugar and Nature 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.

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.

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.

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.

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.

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

Bagasses

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. is an main operator of power plant unit.

Currently Khonburi Power Plant Company Ltd (KPP) supply electricity under firm contract size 22 MW to EGAT and other non-firm contract 8 MW to PEA.

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 dev

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.

The Company sell electricity a part of surplus from own used in production to PEA and EGAT. Currently, the supply contract electricity to government can be summarized below:

Unit of Company	Contract Party	Type of contract	Quantity electricity per contract
KPP	Provincial Electricity Authority (PEA)	Very Small Power Producer (VSPP)	Non-Firm size 8 MW
KP P1	Electricity Generating Authority of Thailand (EGAT)	Small Power Producer (SPP)	Firm size 22 MW

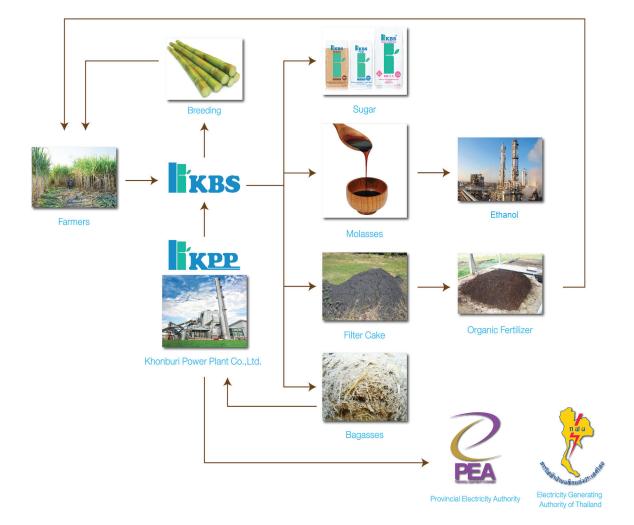
1 Since 2 January 2015 group companies begin to sell electricity to EGAT firm contract 22 MW operating under Khonburi Power Plant Company Ltd. The benefit of this operation can be summarized below:

- Obtain the adder 0.30 Baht per kwh for small power producer from biomass fuels as a period 7 years from COD date.
- Obtain promotional privileges from the Board of Investment (BOI) for its electricity from biomass fuels since 19 April 2013. The benefit from BOI privileges can be summarized below:
 - (1) Exemption from corporate income tax for a period of 8 years from the date the promoted operations and a 50% reduction of corporate income tax on income derived from the promoted operations for the period of 5 years after the tax-exemption period ends.
 - (2) Exemption from tax duty from import machinery and equipment
 - (3) Allow deduction transportation, electricity and utility expenses by 2 times of such expenses for the period 10 years from commenced generating revenues and allow deduction installation investment cost or facilities construction at the rate 25% of investment cost, other than on normal deduction in depreciation expenses.
 - (4) Exemption on tax from dividend received from BOI privileges company to be included on corporate tax calculation over BOI period operation.

Molasses Trading

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.

Business Overview Khonburi Sugar Public Company Limited



Assets used for business operation

1 Property, plant and equipment of Company and subsidiaries

As of 31 December 2017, The Company and its subsidiaries have the balance net book value after deduction accumulate depreciation of property, plant and equipment as amounting to 6,513.1 Million Baht. The details are as followings below:

Item	Net Book Value after deduction accumulated depreciation	Ownership	Obligation
Consolidated			
Land and land improvement	218.3	Ownership	Collateral against credit facilities and loans ¹
Building and premises	993.0	Ownership	Collateral against credit facilities and loans ¹
Machinery	4,635.9	Ownership	Collateral against credit facilities and loans ¹
Equipment	45.8	Ownership	None
Furniture, fixtures and office equipment	22.5	Ownership	None
Motor Vehicles	156.8	Ownership	None
Facilities systems and water treatment systems	303.5	Ownership	None
Assets under construction	137.3	Ownership	None
Total	6,513.1		

¹The company has pledge land, building and premises and machinery as collateral against credit facilities and loan received from banks.

Trade mark of Group company

Trade mark	Objection of holding	Date of registered
KBS	This is for natural white sugar, white sugar and brown sugar	19 November 2013

2 Investment in subsidiaries and associated policy

The company has the investment policy especially related to our core business that it will be joint benefits or support the company operation by adding revenue channel and increase in making profit. In the management operation in associated and subsidiary companies, the company will appoint the management to join the director of such companies in the reasonable proportion in order to control the operation of subsidiary companies to make sure be the right way of operation and be the best benefit of company.

Currently, the company invests in subsidiaries in total 6 companies such as KBS Trading Co., Ltd, Khonuri Power Plant Co., Ltd, Khonburi Bio Energy Cop., Ltd, KBS Investment Co., Ltd, KBS Cane and Sugar Co., Ltd and KBS Power Co., Ltd. At the present, the company holds the share 99.99% of all subsusidiries. The company appoint our management to be director of such subsidiary companies.

Dispute Resolution

As of 31 December 2017, the company and its subsidiaries companies has no dispute resolution in legal case as affect to company business operation and affect in negative to asset of subsidiaries companies in material matters or affect more than 5% of total shareholders' equity.

Marketing and Competition in Sugar Industry

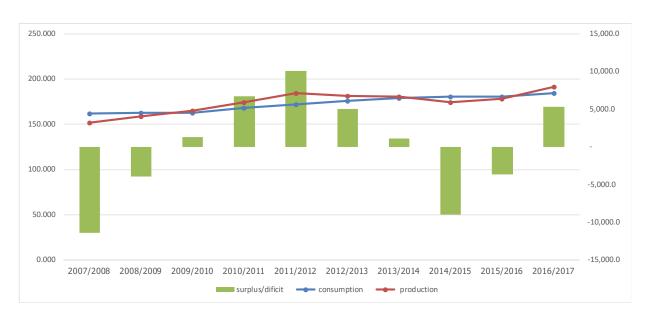
Sugar industry overview in global market

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

	Consumption volume, production volume, and sugar inventory in global market (million tons) ¹									
Details	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Consumption	161.83	162.34	162.64	168.04	171.66	175.77	178.75	180.28	180.20	184.24
Production	151.60	158.45	165.18	174.35	184.16	181.49	180.71	174.22	178.45	191.40
Balance	60.05	56.15	57.46	64.17	74.28	79.35	80.45	71.53	67.86	73.17
Stock-to-use ratios (%)	37.11%	34.59%	35.33%	38.19%	43.27%	45.14%	45.01%	39.68%	37.66%	39.71%

Source: F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

Remark 1: Metric ton raw value



Source: F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

For 2017-18 the sugar production and consumption is in the rising trend compared to last year especially the sugar production which is estimate to increase 13 million tons on the year to 191 million tons (7% increasing) ,while consumption is expected a minor increase of 4 million tons on the year to 184 million tons (2% increasing). The main reason for the surplus is a significant jump from 67 million tons to 79 million tons (11% increasing) mostly from the producing countries such as EU, China, India, Thai and Pakistan. Furthermore, the growth also supports the deficit of -3.67 million ton on 2016-17 to the surplus of 5.30 million tons in this year.

(B) Roles of countries in global sugar industry

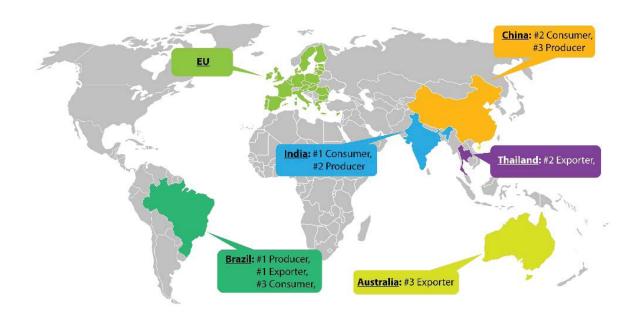


Table showing sugar production volume of major countries in the world during production year of 2012/2013 to production year of 2016/2017

Product volume of major producers (million tons)¹

Country	2012/13	2013/14	2014/15	2015/16	2016/17
Brazil	39.53	34.71	40.51	40.36	39.52
India	26.58	30.62	27.37	22.00	27.20
China	14.48	11.47	9.46	10.10	11.20
Thailand	11.68	11.58	10.03	10.30	12.00
Pakistan	6.10	5.63	5.56	7.70	8.41
United States	7.67	7.84	8.15	8.03	8.10
Total major producers	106.04	101.84	101.08	98.47	106.43
Ratio of production of major producers/ Total production volume (%)	58.43%	56.36%	58.02%	55.18%	55.60%

Source: F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

Remark 1 : Metric ton raw value

Table showing sugar consumption of major countries in the world during production year of 2012/2013 to production year of 2016/2017

Consumption volume of major consumers (million tons)¹

Country	2012/13	2013/14	2014/15	2015/16	2016/17
India	26.30	27.84	27.01	26.30	27.50
China	16.15	16.60	17.28	16.74	17.50
Brazil	12.41	12.03	11.75	11.81	11.95
United States	11.11	10.90	10.93	11.21	11.50
Indonesia	5.68	5.98	6.33	6.55	7.88
Russia	5.87	5.93	6.24	6.34	6.41
Total major consumers	77.52	79.29	79.54	78.96	82.74
Ratio of consumption of major consumers/ Total consumption volume (%)	44.10%	44.36%	44.12%	43.82%	44.91%

Source: F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

Remark 1 : Metric ton raw value

Table showing sugar export of major countries during the world in production year of 2012/2013 to production year of 2016/2017

Export volume of major exporters (million tons)¹

— 'I					
Country	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Brazil	24.73	23.71	29.80	28.28	26.77
Thailand	6.46	8.07	7.81	6.93	7.94
Australia	3.28	3.70	4.07	3.80	3.71
Guatemala	1.97	2.51	2.32	2.40	3.20
India	1.86	2.49	2.12	2.01	2.06
Total major exporters	38.29	40.48	46.11	43.41	43.67
Ratio of export of major exporters/Total export volume (%)	59.33%	62.06%	61.61%	62.37%	63.11%

Source : F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

Remark 1 : Metric ton raw value

Table showing sugar import of major countries in the world during production year of 2012/2013 to production year of 2016/2017

Import volume of major importers (million tons)¹

Country	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
China	4.05	5.35	6.20	4.00	6.00
Indonesia	3.80	3.20	4.74	5.02	5.12
United States	3.26	3.33	3.02	3.00	3.40
Bangladesh	1.93	1.92	2.00	2.13	2.35
United Arab Emirates	2.12	2.28	2.51	2.52	2.30
India	1.35	1.30	1.90	2.50	2.00
Total major importers	16.51	17.38	20.39	19.17	21.17
Ratio of import of major importers/ Total import volume (%)	25.84%	27.01%	28.33%	28.32%	31.43%

Source: F.O.Licht's International Sugar and Sweetener Report (25.09.2017)

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 2012/2013 to 2016/2017.

Sugar import volume from Thailand (million tons)¹

Country	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Indonesia	1.78	1.75	1.90	0.05	2.49
Cambodia	0.65	0.55	0.49	0.03	0.72
Myanmar	0.11	0.13	0.68	0.06	0.65
Japan	0.75	0.76	0.64	0.03	0.57
China	0.26	0.71	0.89	0.02	0.33
Philippines	0.07	0.05	0.06	0.01	0.32
Vietnam	0.27	0.12	0.38	0.04	0.24

Source: Office of The Cane and The Sugar board

Remark: 1 Metric ton raw value)

(D) Demand & Supply of sugar market

For the current 2017-18 season, the production expected to drop by 70,000 mtrv (metric tons raw value) while the deficit for the 2016-17 season is almost unchanged a 1.85 million mtrv. The 2018-19 season (October-November) is estimated to be in a surplus of 7.44 million mrtv. If so, it will be the largest sugar surplus since the 2013-14 season. This surplus mainly comes from another expected rise in global output of 3.22% on the year to 192.26 million mtrv while consumption is expected to witness just a slight increase of 1.1% at around 184.82 million mtrv. The rise in the surplus is mainly down to a significant jump expected in both Indian and Thai production which are set up to reach record high levels, while production in other Asian countries is also likely to be high.

Brazil: This year's dryness is disadvantaged the number of crushing days. As a result, cumulative sugar production is up 2.36% on the year at 34.36 million mttq due to a higher ATR despite a 1.6% year-on-year drop in the crush to 552.95 million tons. For 2018-19 season, there are trend to allocate more sucrose to ethanol production and cut our sugar mix forecast to 45% from 46.3% because domestic ethanol demand is growing due to its competitiveness over gasoline at the pump and ethanol is also paying better than sugar. Moreover, the expectations for the cane crush is increased by 5 million tons to 580 million tons.

China: Sugar production estimates for this season is around 10.45 million mtwv (11.36 million mtrv) higher than the 9.29 million mtwv (10.1 million mtrv) produced in 2016-17. The reason for this jump in production is the higher returns on sugar than other agricultural commodities. As the Chinese domestic ZCE sugar market continues to trade above Yuan 6,000/ton, high compared to other agricultural markets, and the government has limited out-of-quota imports by imposing extra duties on major exporting countries. On the consumption side, lower grain prices have meant increased competition for sugar from high-fructose corn syrup which is currently trading on the domestic market at a discount of around Yuan 3,800/ton (USD 573/ton) to sugar. Not only sugar consumption is expected to be stagnant this year but also most probably in the following year. In fact, sugar consumption has been almost flat for the past three years.

India: There now has two years of regularly rainfall after two successive years of drought where production during 2016-17 hit a low of 20.1 million mttq (21.1 million mtrv). Currently, the production has increased rapidly to 25.5 million mttq due to the government domestic price support policy. The Indian government's Fair and Remunerative Price for 2017-18 (October-September) is up by a steep 11% on the year at Rupees 2,550/ton (\$39/ton). The forecast shows that sugar production of 29 million mttq (31.5 million mtrv), up 14% on 2018-19. Consumption in India is about to growth at 2% in 2017-18 and also in 2018-19, assuming higher production brings down domestic prices to a level which kick starts the demand cycle again. Consumption therefore is estimated at 25 million mttq (27.2 million mtrv) for 2017-18 and 25.5 million mttq (27.7 million mtrv) for 2018-19. This growth is also assuming that at some stage the government removes the stock-holding limits on traders of 1,000 tons in West Bengal and Northeastern states and 500 tons in the rest of India currently in force until December 31.

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 Minisrty of Commerce will announce domestic sugar price.

Restructure in Sugarcane industry on 15th January 2018, National Council for Peace and Order (NCPO) exempted force no. (18) of section 17 by used order of Section 44, announcement no. 1/2018, subject to adjustment the legal for supporting the restructure of sugarcane industry system as its support. In violation of a World Trade Organization (WTO), local price as domestic consumption has been canceled, the floating rate as global price has been used instead. The difference price between local average survey price as actual sales in the month and average price from London No. 5 including Thai premium as occurred in the month will fill in the fund in order to support stability of sugarcane industry system. The order had become effective on 15th January, 2018 onward. The result from the restructure, the 3 quota systems have been canceled immediately – Quota A (trading in local), Quota B (re-export) and Quota C (export by sugar plant).

At present, there are 54 sugar mills in Thailand with the capacity of sugarcane crushing approximately 90-100 million tons/year to get the sugar totaling 9-10 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 (ton)	Market share (percentage)
Mitrphol Sugar Group	6 factories	1,975,406.51	19.69%
Thai Rung Ruang Group	9 factories	1,576,872.71	15.72%
Thai Identity Group	3 factories	942,440.74	9.39%
Khon Khen Sugar Group	5 factories	724,549.24	7.22%
Cristalla Sugar Group	3 factories	543,305.77	5.42%
Korach Industry Group	2 factories	488,957.44	4.87%
Ban Pong Sugar Group	2 factories	440,446.75	4.39%
Wangkanai Sugar Group	4 factories	385,792.23	3.85%
Kaset Phol Sugar Group	2 factories	284,043.30	2.83%
Kanchanaburi Group	2 factories	271,525.90	2.71%
Mitr Kasetr Sugar Group	2 factories	225,398.46	2.25%
Rajburi Sugar Group	2 factories	138,343.42	1.38%
Rayong Sugar PCL	2 factories	101,665.59	1.01%
Khonburi Sugar PCL	1 factories	267,958.94	2.67%
Others	9 factories	1,666,358.62	16.61%
Total	54 factories	10,033,245.61	100.00%

Source : Report on sugar production of sugar factories nationwide for year 2016/2017 (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 Samu	t 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						

Remark:

- 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.

Quata 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 tones. 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 tones.

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.

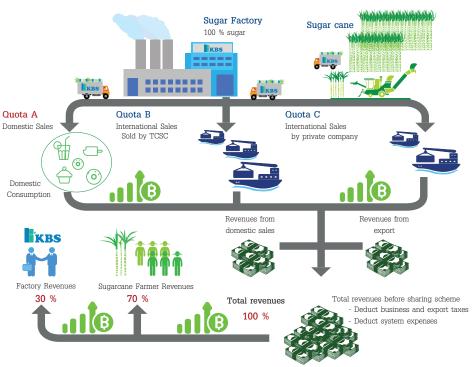
The following table illustrates the quantity of sugar in Quota A, Quota B and Quota C in the past 5 production seasons manufactured by the sugar industry and by KBS according to the Notification of the Cane and Sugar Board regarding Types of Sugar Permitted for Sugar Mills' Manufacturing in the Production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

					(Unit : Ton)
	Production season of 2012/13	Production season of 2013/14	Production season of 2014/15	Production season of 2015/16	Production season of 2016/17
Quota A.					
Nationwide	2,610,000	2,400,000	2,500,000	2,600,000	2,650,000
Khonburi Sugar PCL	66,841	57,752	52,743	76,041	70,861
Quota B.					
Nationwide	800,000	800,000	800,000	800,000	800,000
Khonburi Sugar PCL	19,030	22,726	19,674	18,812	19,507
โคQuota C.					
Nationwide	6,614,147	8,132,906	8,039,085	6,385,649	6,570,890
Khonburi Sugar PCL	170,841	192,229	166,805	191,344	177,591

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.

Structure of sugarcane and sugar industries



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 2016/2017								
Sug	gar for export	Sugar for domestic sale						
	75%		25%					
Asia	Neighboring countries	Shopping mall (OEM)	Industry	Distributor				
85%	15%	35%	35%	30%				

Domestic sales

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

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., Coca Cola (Thailand) co., Ltd., Thai Advance Food (2001) Co., Ltd. (producer of Betagen yogert), F&N United Co., Ltd. (F & N), Ajinomoto Calpis Beverage (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.

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 cutsmoers include Carrfour shopping center, Tesco Lotus shopping center, Big C shopping center, Max Value shopping center, and The Mall Group.

Distributors

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

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.

International Sales

Sales of Quota B. Sugar

Quota B. sugar is divided into two equal portions. 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.

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 Inong-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.

Raw Material Sourcing

Overall Sugarcane Growing in Thailand

In the 2016/2017 production year, the total area for sugarcane production nationwide within surveyed areas covered 47 provinces and 10,988,489 rai, divided into 9,864,042 rai grown for factory processing and 1,124,447 rai grown for cultivation purposes. The area decreased from the 2015/2016 production year by 24,350 rai or 0.22 percent due because of drought.

Sugarcane is an appropriate cash crop for farmers to convert their rice fields and cultivate because every part of sugarcane can be utilized to provide constant value for the industry. In addition to sugar production, byproducts can be transformed into ethanol to provide alternative fuel, and bagasse can be used as fuel for electricity and paper fiber production. In addition, sugar factories are ready to expand and increase production capacity to accommodate increased sugar production from increased growing under zoning projects to build confidence in sugarcane growers for the certain market availability of sugarcane and stability in maintaining their livelihoods as sugarcane farmers.

Table showing quantity of sugarcane entering to sugar production process from production year of 2012/2013 to production year of 2016/2017

Production Year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Sugarcane plantation (million rai)	9.5	10.1	10.5	11.0	10.9
Total sugarcane product (million ton)	100	103.7	106.0	94.1	92.9

Source: Infornation Department, Office of Cane and Sugar Board

Raw Material Sourcing Competition between 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 four 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.

Sugarcane shipments to the whole country were 92.95 million tons, compared to the year 2015/2016, of 94.05. million tons. The sugarcane volume dropped 1.09 million tons or 1.17% in the year 2016/2017 because most of the sugarcane plantation area is outside the irrigation area which relies on rainfall. The rainfall has increased in May to August in this year which is the growth period for sugarcane. As the result, the quantity of sugarcane has significantly expanded. However, the drought from last year damaged cane stumps and sugarcane trees. In additional, sugarcane has cultivated in 2017-18 which affects the numbers of sugarcane area to be decreased in 2016-17. Nevertheless, temperature and sunlight are main factors for quality of sugarcane.

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	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	Average growth rate (percentage)
Quantity of sugarcane to be crushed nationwide (million tons)	100.14	103.7	106.0	94.0	92.9	-1.17%
Quantity of sugarcane to be crushed in the North East (million tons)	40.5	44.9	47.4	42.1	38.5	-8.55%

Source: Infornation Department, Office of Cane and Sugar Board

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.

The following table shows quantity of sugarcane of the Company comparing to the whole country during production year of 2012/2013 to production year of 2016/2017

Production year	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Quantity of sugarcane throughout the country (ton sugarcane)	100,002,514	103,665,750	105,959,057	94,047,042	92,950,815
The company's quantity of sugarcane to be crushed (ton sugarcane)	2,543,137	2,509,773	2,286,749	2,647,639	2,444,846
Ratio between The company's quantity of sugarcane to be crushed and quantity of sugarcane throughout the country (percentage)	2.54%	2.42%	2.16%	2.82%	2.63%

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

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 famers 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 thoroughly, 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.

Production Process

Sugar production begins with cane crushing for juice extraction. Most sugar mills start their cane crushing in late November or early December of each year. The cane crushing process has a very high start-up cost, which is fixed cost. Thus, when a sugar mill starts its cane crushing operation, the machine will be operated continuously 24 hours a day. Cane crushing process ends around April. The sugarcane crusher machine is put into operation for a total of 130 – 150 days.

Sugar production process is a process next to crushing process. In the crushing season, sugar factory stocks raw sugar, in the meantime, sugar factory produces white sugar and pure white sugar.

Maintenance and repair of machinery used in sugar industry will be divided into two phases: (1) after completion of cane crushing (May to November) during which machinery used for cane crushing, juice extraction and raw sugar production will be repaired; and (2) after completion of raw sugar remelting (October to November) during which the machinery used for white/refined sugar will be repaired.

1. Sugar Production Process

Cane Crushing, Juice Extraction and Raw Sugar Production

Cane crushing, juice extraction and raw sugarcane production process can be summarized as follows:

Sugarcane whose quality has been checked will be passed from farmer's truck to the production process. The sugarcane will be put through two sets of blades to be chopped into small pieces. The chopped pieces will then be fed into the shredder where they are finely shredded.

- Cane crushing and juice extraction

Sugarcane that has been shredded will be transported into the milling tandems. The Company has three milling tandems. Milling Tandem A consists of five sets of crushing rollers and has the maximum crushing capacity of 16,000 tons of sugar cane stalks per day. Milling Tandem B consists of five sets of crushing rollers and is able to crush as much as 7,000 tons of sugar cane stalks per day. Milling Tandem C uses the diffuser and has three sets of crushing rollers and daily cane crushing capacity of 12,000 tons of sugar cane stalks. Sugarcane juice from all the three milling tandems will be passed through juice filter and stored in the sugarcane juice tank from which it will be further transported to the steam boiler. The residual or bagasse left in the last set of rollers will be used as fuel for the production of steam and electricity.

- Juice Clarification

In a steam boiler, cane juice from the rollers is boiled up to a temperature of 55°C. Then, lime is added to keep pH value in the range of 7.3 to 7.8. After that, cane juice will be heated again to reach a temperature of 103°C. The heated cane juice will be stored in a clarifier, allowing suspended solids to settle. Then, precipitated juice, which becomes clearer in color, is boiled in evaporators, which remove most of the water leaving thick syrup (60 degrees brix). Muddy residue then enters vacuum filters to extract residual juice. Filter cake obtained from the process is sent to and stored at a designated area where it will be used as fertilizer. The residual juice is then combined with the cane juice from the rollers to further undergo the juice clarification process.

- Crystallization and centrifugation

The syrup that is evaporated until the target brix is reached will undergo the crystallization step. The Company employs the three-stage crystallization process in which the syrup is concentrated under vacuum pans A, B and C.

The crystallization begins with vacuum pan A where the syrup will be evaporated for three hours until it turns into a thicker liquid called massecuite (raw sugar crystals mixed with molasses). The massecuite from vacuum pan A then enters the centrifuge to separate sugar crystals (raw sugar A) from A-molasses. The raw sugar from vacuum pan A will then be remelted and further enter white or purified sugar production process whereas A-molasses from vacuum pan A is evaporated in vacuum pan B.

A-molasses is added to seeding and evaporated in vacuum pan B for approximately 4 hours until it turns into massecuite. The resulting massecuite then enters the centrifuge to separate sugar crystals (raw sugar B) from B-molasses. Raw sugar B from this vacuum pan will be transported to and stored in a warehouse as bulk raw sugar awaiting distribution. A part of it will undergo the process to turn it into white or purified sugar at the end of cane crushing season (remelting season). B-molasses will be further evaporated in vacuum pan C.

B-molasses is added to seeding and evaporated in vacuum pan C for approximately 6 hours until it turns into massecuite. The resulting massecuite then undergoes centrifugation process and is mixed with boiled water or syrup in order to be evaporated into seeding, which will later be evaporated in vacuum pans A, B and C. C-molasses, which is final molasses, will be sent to the molasses tank for further distribution.

• Brown Sugar Production Process The process for production of brown sugar can be summarized as follows:

Preparation of B-magma

B-magma is prepared by mixing raw sugar B with hot water without dissolving the sugar. The magma is stored to serve as footing.

Crystallization and centrifugaling

B-magma is transferred to a vacuum pan in which it is evaporated along with syrup and molasses obtained from the boiling of white or refined sugar for about 3 hours to form crystals with required properties. The resulting massecuite is left to allow crystal growth before it is transferred to the centrifuge to separate brown sugar crystals from molasses. The centrifugation process takes about 3 hours. The resulting molasses will be put through the crystallization process.

- Drying

Brown sugar from the centrifuge will be dried by a dryer to take out excessive moisture from the sugar crystals at the temperature of 60-80 degrees Celsius.

Packaging

Brown sugar has to undergo the Company's quality control steps, including the use of magnets to attract metal impurities in the sugar, sorting of sugar crystals to meet the standard set by the Company, before it is packed in 50-kg bags and/or packages of other sizes as required by customers.

Production of White/ Refined Sugar

The process for production of white/refined sugar is similar to that of the brown sugar, but carbonation process is added to obtain target color. The steps for producing white/refined sugar are summarized below.

Remelting

Raw sugar A from the raw sugar production process is dissolved in hot water to get remelt syrup.

- Decolorization

Carbonation is used for color removal. The remelt syrup is mixed with milk of lime in order to seize impurities in the syrup. Then, it is bleached with carbon dioxide to have the impurities combine with lime residue. Pressure filter is used to extract sediment/residual. The remaining syrup will go through lon-Exchange Resin for decolorization.

- Crystallization and centrifugation

The fine liquor is evaporated in the vacuum pan for about 2 hours to form crystals with required properties. The resulting massecuite is left to allow crystal growth before it is transferred to the centrifuge to separate white/refined sugar crystals from molasses. The centrifugation takes about half an hour. (To obtain white or refined sugar depends on the ratio of fine liquor to molasses used in the crystallization process.)

- Drying

White/refined sugar from the centrifugation process will be dried by a dryer to take out excessive moisture at the temperature of approximately 80 degrees Celsius.

- Sugar quality improvement (Conditioning silo)

White or pure white sugar from the process have sent to conditioning silo for the sugar quality improvement process which control moistness and prevent sugar from caking.

Packaging

White/refined sugar has to undergo the Company's quality control steps, including the use of magnets to attract metal impurities in the sugar, sorting of sugar crystals to meet the standard set by the Company, before it is packed in 50-kg bags and/or packages of other sizes as required by customers.

Production of Super Refined Sugar

The same steps for production of white/refined sugar apply to that of the super refined sugar, but larger quantity of syrup is used in the crystallization process to make super refined sugar.

2. Production of Molasses

Molasses is a byproduct of sugar refining from the crystallization and centrifugation steps.

3. Electricity Generation

The Company uses bagasse from cane crushing and juice extraction as fuel to generate electricity. The bagasse is used to heat the boiler to generate steam, which will then be transferred to steam turbine to rotate the generator that generates electricity. A part of the electricity generated is used to support sugar production and another part is sold to the Electricity Generating Authority of Thailand and the Provincial Electricity Authority to contribute to Thailand's power security.

Environmental Management

The Company is aware of the importance of effective management to ensure that its business operations will not negatively affect the environment. Energy conservation and saving is promoted and encouraged throughout the organization. The Company also has a policy to strictly follow related rules and regulations, such as measurement and control of production process that may affect the environment to ensure that the Company's emissions meet the industrial standards. Controlling and measuring the amount of gas emission from the factory in 2017 are shown below.

	Funnel 1	Funnel 2	Funnel 3	Funnel 4	Funnel 5	Funnel 6	Standard values
Dust (mg/Nm³)	34	73	23	52	33	13	Less than 120.0
Nitrogen oxides (ppm)	91	73	81	76	54	59	Less than 200.0

Note: Notification of the Ministry of Industry Re: Determination of Emission Standard of Plant Generating, Transmitting or Selling Electricity, B.E. 2547 (A.D. 2004)

Industrial Waste Management

The Company has very little waste from its production process because bagasse, sludge and molasses are byproducts that have many uses. For example, bagasse can be used as fuel of boiler; sludge can be used as fertilizer, and molasses is a raw material for other industries. Therefore, the Company has no problems regarding release of waste to nearby communities and environment.

Controlling and measuring reuse water

The Company uses closed loop water treatment system where wastewater from production process is transferred to the treatment system. Then, treated water is sent to the raw water storage pond to be further used in the production process. In order to improve the quality of its wastewater treatment system to meet an established standard, the Company has installed surface aerators and measured the treated water to ensure that it meets the standard criteria. Results of the inspection of water quality of the Company's raw water storage pond in 2017 are shown in the table below.

	рН	Temp	BOD	COD	Oil & Grease	TDS	TSS	TKN
Measured values	7.26	28.30	5.00	18.00	<0.50	632.00	14.00	18.00
Standard values	5.50 - 9.00	40.00	20.00	120.00	5.00	3,000.00	50.00	100.00

Risk Factors

Risks Related to Business Operations of the Company

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.

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.

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.

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) Climate change conditions, such as drought and flood, caused by global warming affects changes in the yield of sugarcane so the company has policy to help our farmers by develop the irrigation system. The company creates well to prevent drought in dry period and (3) the company also helps farmers by selecting the best sugarcane species for higher yield.

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.

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.

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.

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.

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.

9. Fraud Risk

The Company adheres to ethics and morals in business operations and will not tolerate any act that may lead to fraud and corruption even though such act is beneficial to the Company. Persons in charge of policy making and supervision have supported the introduction and implementation of an effective anti-corruption system to ensure that all of the Company's employees realize how important it is to prevent corruption. The anti-corruption mindset has been cultivated as the Company's culture. Meanwhile, the Company has clearly declared to the public its intention to fight against corruption by joining "Thailand's Private Sector Collective Action Coalition against Corruption" on 30 March 2016. The Company has established clear responsibilities, guidelines and requirements to fight corruption.

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.

Risk factors from the company's subsidies

Power Plant Business operated by Khonburi Power Plant Company Limited

1. Risk factor from lack of raw material to produce electricity

Khonburi Sugar Public Company Limited or KBS is now responsible for manage bagasses, which are value added product from sugar, for Khonburi Power Plant Company Limited or KPP. Therefore, power plants can produce electricity and steam by using bagasses as raw material may lack of bagasses, if KBS lack of cane tree for crushing in that particular season. However, KPP can produce electricity and steam by using others' subsidies produces such as woodchip or husk. Moreover, KPP also has contacts for those subsidies raw material. In additional, KPP has MOU with Kasetsart University in term of subsidies raw material.

2. Risk from Governmental customers

KPP has only main customers such as PEA, MEA and EGAT so revenue from those customers are quite strict and not beneficial for sellers. Moreover, our main customers have possibilities to change their board of committee, it may effects on our investment policies. From those reasons, it may cause a delay in the procurement process. Furthermore, governmental units normally use bidding so the company might lose in bidding. As the result, the company might lose income from Governmental customers.

Shareholding Structure and Management

Securities of the company

The company's registered capital is THB 600,000,000 comprising 600,000,000 ordinary shares, at value of THB 1.00. The paid up capital is THB 600,000,000.

1. Shareholding Structure

The major shareholders of the Company as of 29 December 2017 are listed below.

	Shareholders	Shares held	Proporion (%)
1	Khonburi Capital Co., Ltd. ¹	165,307,800	27.55
2	MITSUI & CO.,LTD.	66,666,666	11.11
3	MITSUI SUGAR CO.,LTD.	33,333,334	5.56
4	Mr. Somkiat Twiltermsup Group	21,612,500	3.60
5	Phatra Capital Public Company Limited	16,822,100	2.80
6	Mr. Kan Twiltermsup	16,228,500	2.71
7	Mr. Somchai Twiltermsup	15,228,500	2.54
8	Mr. Issara Twiltermsup	15,228,500	2.54
9	Miss Chonatee Twiltermsup	15,228,500	2.54
10	Thai NVDR Company Limited	14,976,600	2.50
11	Other	219,367,000	36.55
	Total	600,000,000	100.00

Remarks	1.	Khonbur Capital Co.,	Ltd. is a	holding compar	y and its shareholders	as of 30 Dece	mber 2017 are as follows:
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Mr. Issara	Twiltermsup	Group holds	39,100,000	shares equivalent to 50%
Mr. Takon	Tawintermsup	Group holds	19,550,000	shares equivalent to 25%
Mr. Somkiat	Twiltermsup	Group holds	19,550,000	shares equivalent to 25%
			78,200,000	shares equivalent to 100%

- Mr. Issara Twiltermsup Group is composed of Mr. Issara Twiltermsup, Mr. Somchai Twiltermsup, Miss Chonatee Twiltermsup, Mr. Teerawat Twiltermsup
- Mr. Takon Tawintermsup Group is composed of Mr. Takon Tawintermsup, Mr. Rungsan Tawintermsup, Mr. Rachot Tawintermsup and Mr. Kosol Nantilipong
- Mr. Somkiat Twiltermsup Group is composed of Mr. Somkiat Twiltermsup, Mr. Tanasit Twiltermsup, Ms. Jitsupa Twiltermsup, Mr. Tanachote Twiltermsup and Mrs. Tarinee Sermleelatham

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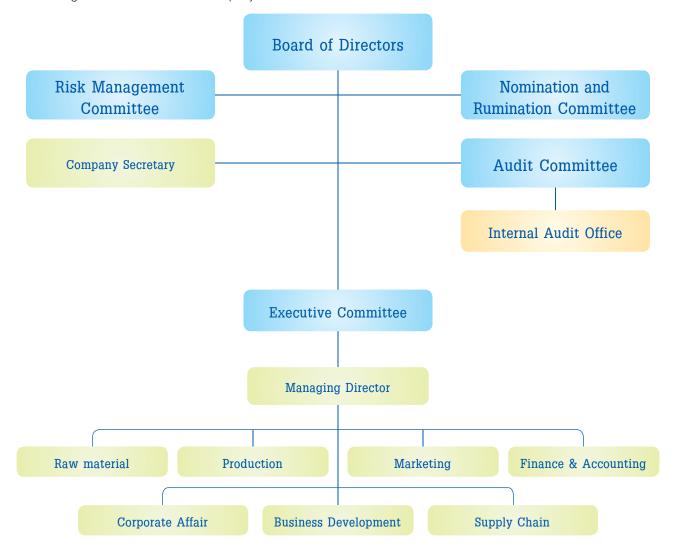
Policy and Dividend payment

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 2017 are listed below.



The management structure of the Company as of 31 December 2017 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 2017 the Board of Directors consists of 11 members are included

No.	Nan	ne of Directors	Position
1.	Mr. Suthep	Wongvorazathe	Chairman, Independent Director
2.	Mr. Takon	Tawintermsup	Director, Chairman of Executive Committee
3.	Mr. Somkiat	Twiltermsup	Director, Executive Director, Risk Management Committee
4.	Mr. Issara	Twiltermsup	Director, Executive Director, Risk Management Committee
5.	Mr. Amnart	Rumpoeypong	Director, The Nomination and Remuneration Committee
6.	Mr. Tat	Wanakornkul	Director, Executive Director, Risk Management Committee
7.	Mr. Sran	Smutkochorn	Independent Director, Chairman of Risk Management Committee, The Nomination and Remuneration Committee
8.	Dr. Thwatchai	Nakhata	Independent Director, Chairman of the Nomination and Remuneration Committee
9.	Mrs. Suvimol	Krittayakiern	Independent Director, Chairman of the Audit Committee
10.	Mr. Voravit	Rojrapitada	Independent Director, Audit Committee, Risk Management Committee
11.	Mr. Suwat	Summasshipvitsavakul	Independent Director, Audit Committee

Remark: Mr. Teerapat Thavisin 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
- 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.
- 24. The Board of Directors has duties and responsibilities in setting policies and supervising systems to effectively support anti-corruption in order to ensure that the Management recognizes and pays attention to anti-corruption until it becomes a culture within the organization.

Scope of Duties and Responsibilities for the Chairman of the Board of Directors

- 27. The quorum of Board of Directors is prescribed in the Articles of Association that there must be directors attending the meeting not less than half of the whole directors to form a quorum. The Chairman of the Board of Directors must be the Chairman of the meeting. In case of the chairman is absent, Vice-chairman will take place as a Chairman of the Board of Directors of that particular meeting. In case of Chairman and Vice-Chairman are both absent, directors choose the chairman in the meeting by the majority of votes. The decision shall be made with majority votes. One vote per director is allowed for a director unless those director who has benefit/may benefit or affect conflict interests has no vote. In case of, there are the same number of votes, the chairperson shall exercise the casting vote.
- 28. The Charter of the Board of Director committee requires at least one meeting in a quarter. The meeting location might take place at the company's headquarter or other's province or the place the the chairman of the meeting see as appropriate by the chairperson or director who assigned call the meeting.

 More than two directors may request the meeting by asking the chairperson and the chairperson or director who assigned shall arrange the meeting within 14 days after the requesting date. The chairperson or director who assigned sent the notice to all directors 7 days prior to the meeting, unless the urgent situation related to company's benefit, the chairperson or director who assigned can inform the meeting by alternative ways and the meeting may set sooner.
- 40. Normally, the meeting of Shareholders, chairman of the Board of Directors must be the chairman of the Board of Directors meeting. In case of the chairman is absent, Vice-chairman will take the place as a Chairman of the Board of Directors of that particular meeting. In case of Chairman and Vice-Chairman are both absent, directors choose the chairman in the meeting by the majority of votes.
- 41. Generally, Resolution of the shareholder meeting decided by the majority of votes. In case of, there are the same number of votes, the chairperson shall exercise the vote.

2) The Executive Committee

As of 31 December 2017, the Executive Committee consisted of 4 following members:

No.	Na	me 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. Teerapat Thavisin 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 2017, the Audit Committee consisted of 3 following members :

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

Remarks:

- 1. Mrs. Suvimol Krittayakiern is an audit committee member who is equipped with knowledge in accounting and finance
- 2. Mr. Manawin Kongto was the Secretary to the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

- 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 2017, 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. Tat	Wanakornkul	Risk Management Committee
5.	Mr. Voravit	Rojrapitada	Risk Management Committee

Remark: Mr. Teerapat Thavisin 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. To 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 2017, 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. Teerapat Thavisin 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 2017, the Management Team of the Company consisted of 9 following members:

No.	Name of Directors		Position
1.	Mr. Tat	Wanakornkul	Managing Director
2.	Mr. Somkiat	Twiltermsup	Deputy Managing Director of Marketing
3.	Mr. Kriangsak	Phattarakosol	Deputy Managing Director of Raw Material
4.	Mr. Issara	Twiltermsup	Assistant Managing Director of Corporate Affairs
5.	Mr. Rangsan	Twiltermsup	Assistant Managing Director of Supply Chain
6.	Mr. Dumrong	Putiput	Technical and Project Director
7.	Mr. Rakkiti	Tanglamlert	Chief Financial Officer
8.	Mr. Anusit	Bowornnimit	Business Development Director
9.	Ms. Surawee	Puangthong	Senior Finance Manager

Scope of Duties and Responsibilities of the Managing Director

- 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.
- 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 September 1, 2017 unit December 1, 2017, 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 shareholderholds. 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.

1) Directors' Remuneration

The Company determined the directors' remuneration which is approved by the shareholder's meeting on April 26, 2017. Meeting allowance do not exceed THB 8,000,000 per year which is the same amount as 2016.

- Directors' Remuneration as of 2017 as follow:

Director	Position in Board of Directors	Meeting Allowance (THB)
Board of Director	Chairman of Executive Directors Directors	18,000 12,000
Audit Committee	Chairman of Executive Directors Directors	18,000 12,000
The Nomination and Remuneration Committee	Chairman of Executive Directors Directors	18,000 12,000
Risk Management Committee	Chairman of Executive Directors Directors	18,000 12,000
Executive Director	Chairman of Executive Directors Directors	18,000 12,000

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

				2015			2016			2017	
	N	ame	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	90,000	528,000	618,000	72,000	528,000	600,000	72,000	528,000	600,000
2	Mr. Takon	Tawintermsup	276,000	396,000	672,000	264,000	396,000	660,000	228,000	396,000	624,000
3	Mr. Somkiat	Twiltermsup	228,000	462,000	690,000	180,000	462,000	642,000	168,000	462,000	630,000
4	Mr. Tat	Wanakornkul	216,000	462,000	678,000	204,000	462,000	666,000	192,000	462,000	654,000
5	Mr. Issara	Twiltermsup	216,000	462,000	678,000	168,000	462,000	630,000	192,000	462,000	654,000
6	Mr. Amnart	Rumpoeypong	72,000	330,000	402,000	60,000	330,000	390,000	72,000	330,000	402,000
7	Mr. Sran	Smutkochorn	66,000	528,000	594,000	78,000	528,000	606,000	66,000	528,000	594,000
8	Dr. Thawatchai	Nakata	78,000	396,000	474,000	72,000	396,000	468,000	84,000	396,000	480,000
9	Ms. Suvimol	Krittayakian	132,000	396,000	528,000	120,000	396,000	516,000	120,000	396,000	516,000
10	Mr. Voravit	Rojrapitada	120,000	462,000	582,000	108,000	462,000	570,000	108,000	462,000	570,000
11	Mr. Suwat	Summasshipvitsavakul	84,000	330,000	414,000	96,000	330,000	426,000	72,000	330,000	402,000
	T	otal	1,602,000	4,752,000	6,354,000	1,422,000	4,752,000	6,174,000	1,374,000	4,752,000	6,126,000

2) Remuneration of executives

(Unit: Baht)

Remunerations	Year of 2015	Year of 2016	Year of 2017
Salaries, bonus etc.	46,205,088	48,556,237	37,891,380

Comapny Secretary

Mr. Teerapat Thavisin is the company secretary.

Scope of power and duties of the Company Secretary

- 1. Arranging Board of director meeting and shareholder meeting.
- 2. Prepare meeting reports and all other works required by law.
- 3. Perform any other task as required under the notifications of company committee.
- 4. Manage the company and the committee in conformity with any and all related rules from The Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET) and also related laws.

Autography and qualifications are detailed in the Appendix.1

5. Personnel

The changes of the group of Companies personnel including executives.

Date / Number of employees	31 st December 2015	31 st December 2016	31 st December 2017
Khonburi Sugar Public Company Limited	827	850	851
Khonburi Power Plant Co., Ltd.	93	94	92
Khonburi Bio Energy Co., Ltd.	-	-	-
KBS Trading Co., Ltd.	-	-	-
KBS Investment Co., Ltd.	-	-	-
KBS Cane and Sugar Co., Ltd.	-	-	-
KBS Power Co., Ltd	-	-	-
Total	920	944	943

Personnel Developement Policy

The Company has policies to develop our employee's skill to be competitive. As the result, the company can have sustainable growth. The aims for the development policy are to help employees reach their potential and develop themselves. Moreover, the company also build up team work skills, as well as, allow them to advance in their fields by using "Recruitment Development and Retention" policy.

Recruitment

The company has job descriptions and right qualifications for each position, and also has a good measurement for recruitment so the company would have persons suitable to the jobs on the basis of capability and right qualifications with good attitude which consistent to the company's vision. The company also has fair condition, return and benefit adhere to the law.

Development

The company has plan to help employees reach their potential by established personal development plan which manage on their basic competency. Job description conforms to our vison and mission significantly. Our employees was rated since they started their job. Policies on continuous training by their competency and human resource management have been set up. The aims are to help employees reach their potential, ensure effectiveness at work, and allow them to advance in their fields. All employees are required to receive training which is in line with the Company's direction and strategies.

Training hours for employee

Year of training	amount of training (hours)	Average : Employees : Year
2017	21,617	25.17

Retention

Employee is a starting point to drive business towards success. Therefore, the company adheres for human resource management by promoting employee potential throughout working in term of return and benefit to meet our employees' satisfaction.

Directors and Management Profile

1. Mr. Suthep Wongvorazathe

Position : Chairman / Independent Director

Age : 70 years old

Education : Master degree of Business Administration, University of Wisconsin.

Bachelor degree of Business Administration, Finance Major, University of Wisconsin

Training : Director Accreditation Program (DAP) Class 48/200

Training During the year : Number of shares held at : -

the beginning of the year

Number of shares held at : -

the end of the year

Number of Shares in Subsidiaries :
Number of shares held by the : spouse and minor children at the

end of the year

2016 - F	Present	Chairman, Independent Director	Khonburi Sugar Public Company Limited
2013 - 2	2016	Chairman	Khonburi Sugar Public Company Limited
2015 - p	present	Chairman	M.K. Real Estate Development Public Company Limited
2012 - F	Present	Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee	Bangchak Petroleum Public Company Limited
2013- pr	resent	Chairman, Chairman of Nominating and Compensation Committee and Chairman of Investment Committee	KT Seamico Securities Public Company Limited
2003 - 2	2016	Chairman of the Audit Committee and Independent Director	Chumporn Palm Oil Industry Public Company Limited
2014 - p	resent	Chairman of Executive Committee	KT Seamico Securities Company Limited
2011 - F	Present	Director	New Corp Company Limited
2008 - F	Present	Director	Asia Kangnam Company Limited
2003 - 2	2015	Director	The Mall Group Company Limited

2. Mr. Takon Tawintermsup

Position : Director / Chairman of Executive Committee

Age : 64 years old

Education: Matthayom 3, Matthayom Wat Thatthong school.Training: Director Certification Program (DCP) Class 32/2003

Finance for Non-Finance Director (FND) Class 5/2003

Training During the year : -

Number of shares held at : 3,931,250 shares

the beginning of the year

Number of shares held at : 3,931,250 shares

the end of the year

Number of Shares in Subsidiaries : Khonburi Power Plant Co., Ltd.: 1 share, KBS Trading Co., Ltd.: 1 share,

Khonburi Bio Energy Co., Ltd.: 1 share, KBS Investment Co., Ltd.: 1 share, KBS Cane and Sugar Co., Ltd.: 1 share, KBS Power Co., Ltd.: 1 share

Number of shares held by the spouse and minor children at the end of the year

2013 - Present	Chairman of Executive Committee, Director	Khonburi Sugar Public Company Limited
1974 – 2013	Executive Director and Managing Director	Khonburi Sugar Public Company Limited
1979 - Present	Director, Chairman of Executive Committee	Chumporn Palm Oil Industry Public Company Limited
2017 - Present	Director	All Bloom Coconut Company Limited
2017 - Present	Director	CPI Grow Company Limited
2016 - Present	Director	CPI Trading Company Limited
2016 - Present	Director	CPI Green Company Limited
2014 - Present	Director	CPP Company Limited
2014 - Present	Director	KBS Investment Company Limited
2014 - Present	Director	KBS Cane and Sugar Company Limited
2014 - Present	Director	KBS Power Company Limited
2011 - Present	Director	CPI Agrotech Company Limited
2010 - Present	Director	Khonburi Capital Company Limited
2008 - Present	Director	KBS Trading Company Limited
2008 - Present	Director	Khonburi Power Plant Company Limited
2004 - Present	Director	Khonburi Bio Energy Company Limited
1993 - Present	Director	Chumporn Holding Company Limited
1988 - Present	Managing Director	Bomrungrat M.C. Company Limited

3. Mr. Somkiat Twiltermsup

Position : Director, Executive Director, Risk Management Committee and

Deputy Managing Director of Marketing

Age : 56 years old

Education : Bachelor of Arts in Accountancy, Finance and Economics University of Essex

Training : Director Accreditation Program (DAP) Class 90/2011

Training During the year

Number of shares held at : 21,612,500 shares

the beginning of the year

Number of shares held at : 21,612,500 shares

the end of the year

Number of Shares in Subsidiaries : Khonburi Power Plant Co., Ltd.: 1 share, KBS Trading Co., Ltd.: 1 share,

: 15.000.000 shares

Khonburi Bio Energy Co., Ltd.: 1 share, KBS Investment Co., Ltd.: 1 share, KBS Cane and Sugar Co., Ltd.: 1 share, KBS Power Co., Ltd.: 1 share

Number of shares held by the spouse and minor children at the

end of the year

2015- Present	Director, Executive Director, Risk Management Committee and Deputy Managing Director of Marketing	Khonburi Sugar Public Company Limited
2011 - 2015	Director, Executive Director, Risk Management Committee and Assistant Managing Director of Marketing	Khonburi Sugar Public Company Limited
2014 - Present	Director	KBS Investment Company Limited
2014 - Present	Director	KBS Cane and Sugar Company Limited
2014 - Present	Director	KBS Power Company Limited
2010 - Present	Director	Khonburi Capital Company Limited
2008 - Present	Director	KBS Trading Company Limited
2008 - Present	Director	Khonburi Power Plant Company Limited
2004 - Present	Director	Khonburi Bio Energy Company Limited
1989 - Present	Director	Bangluex Agriculture Company Limited

4. Mr. Tat Wanakornkul

Position : Director, Executive Director, Risk Management Committee and Managing Director

Age : 64 years old

Education : Bachelor degree of Pharmacy, Mahidol University

Master of Business Administration, Faculty of Commerce and Accountancy,

Thammasat University

Training : Directors Accreditation Program (DAP) Class 89/2011

Training During the year : -

Number of shares held at : 466,000 shares

the beginning of the year

Number of shares held at : 736,000 shares

the end of the year

Number of Shares in Subsidiaries :
Number of shares held by the : spouse and minor children at

the end of the year

2013 - Present	Director, Executive Director, Risk Management Committee and Managing Director	Khonburi Sugar Public Company Limited
2014 - Present	Director	KBS Investment Company Limited
2014 - Present	Director	KBS Cane and Sugar Company Limited
2014 - Present	Director	KBS Power Company Limited
2013 - Present	Director	Khonburi Power Plant Company Limited
2013 - Present	Director	KBS Trading Company Limited
2013 - Present	Director	Khonburi Bio Energy Company Limited

5. Mr. Issara Twiltermsup

Position : Director, Executive Director, Risk Management Committee and

Assistant Managing Director of Corporate Affairs

Age : 39 years old

Education : Bachelor of Science Industrial Management with an additional Major

in Economics Carnegie Mellon University

Bachelor of Law Thammasat University

Training : Director Accreditation Program (DAP) Class 78/2009

Director Certification Program (DCP) Class 132/2010

ISO 9000: 2000, ISO 14001: 2004 Lead Auditor Training Course

Training During the year

Number of shares held at : 15,694,500 shares

the beginning of the year

Number of shares held at : 15,228,500 shares

the end of the year

Number of Shares in Subsidiaries : Khonburi Power Plant Co., Ltd. : 1 share, KBS Trading Co., Ltd. : 1 share,

Khonburi Bio Energy Co., Ltd.: 1 share, KBS Investment Co., Ltd.: 1 share, KBS Cane and Sugar Co., Ltd.: 1 share, KBS Power Co., Ltd.: 1 share

Number of shares held by the spouse and minor children at the end of the year

: -

2012 - Present	Director, Executive Director, Risk Management Committee and Assistant Managing Director of Corporate Affairs	Khonburi Sugar Public Company Limited
2008 - Present	Director	Peerapat Technology Public Company Limited
2014 - Present	Director	KBS Investment Company Limited
2014 - Present	Director	KBS Cane and Sugar Company Limited
2014 - Present	Director	KBS Power Company Limited
2010 - Present	Director	Khonburi Capital Company Limited
2008 - Present	Director	Khonburi Power Plant Company Limited
2008 - Present	Director	KBS Trading Company Limited
2007 - Present	Director, Executive Director	N.Y. Development Company Limited
2001 - Present	Director, Managing Director	N.Y. Rubber Company Limited
2004 - Present	Director,	Khonburi Bio Energy Company Limited
2001 - Present	Director, Managing Director	N.Y. Plantation Company Limited
2001 - Present	Director, Managing Director	Talaysup Company Limited

6. Mr. Amnart Rumpoeypong

Position : Director, Nomination and Remuneration Committee

Age : 42 years old

Education : Master of Business Administration, Chulalongkorn Univerity.

Bachelor of International Business, University of North Carolina at Charlotte.

Training : Director Accreditation Program (DAP) Class 82/2009

Training During the year

Number of shares held at : 250,000 shares

the beginning of the year

Number of shares held at : 250,000 shares

the end of the year

Number of Shares in Subsidiaries Number of shares held by the

spouse and minor children at

the end of the year

Experiences:

2006 - Present Director, Nomination and Remuneration Khonburi Sugar Public Company Limited

Committee Director

2006 - Present Director and Deputy Managing Director N.Y. Rubber Company Limited 2006 - Present Director and Deputy Managing Director N.Y. Plantation Company Limited 2006 - Present

7. Mr. Sran Smutkochorn

Position : Independent Director, Chairman of Risk Management Committee,

Nomination and Remuneration Committee

Age : 53 years old

Education : Master degree of Economics The University of California, Los Angeles.

Bachelor degree of Economics The University of California, Northridge

Training : Director Accreditation Program (DAP) Class 42/2005

Training During the year : Number of shares held at : -

the beginning of the year

Number of shares held at : the end of the year

Number of Shares in Subsidiaries :
Number of shares held by the : spouse and minor children at

the end of the year

2010 - Present	Independent Director, Chairman of Risk Management Committee, Nomination and Remuneration Committee	Khonburi Sugar Public Company Limited
2013 - Present	Independent Director, Chairman of Audit Committee	SF Corporation Public Company Limited
2010 - 2013	Management Committee	LOXLEY Public Company Limited
2012 - Present	Advisor to the Board of Directors	LME Harrods Thailand
2012 – 2013	Executive Vice President	L Food Solutions Company Limited
2010 - 2013	Executive Vice President	LOXLEY Trading Company Limited
2010 - 2013	Executive Vice President	LOXLEY International Company Limited

8. Dr. Tawatchai Nakhata

Position : Independent Director and Chairman of Nomination and Remuneration Committee

Age : 71 years old

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

Training : Audit Committee Program (ACP) Class 13/2006

Director Accreditation Program (DAP) Class 52/2006

Training During the year : -

Number of shares held at :

the beginning of the year

Number of shares held at : -

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at

the end of the year

2013 - Present	Independent director and Chairman of The Nomination and Remuneration Committee	Khonburi Sugar Public Company Limited
2010 - 2013	Chairman of Audit Committee and Independent Director	Khonburi Sugar Public Company Limited
2012- Present	Chairman	We Retail Public Company Limited
2008 - Present	Chief Executive Director	Property Perfect Public Company Limited
1992 - Present	Chairman	Property Perfect Public Company Limited
2012- Present	Director	KRH Company Limited (Japan)
2012- Present	Director	Property Perfect International Pte. Limited (Singapore)

9. Mrs. Suvimol Krittayakiern

Position : Independent Director and Chairman of Audit Committee

Age : 66 years old

Education : Master Degree of Accountancy Chulalongkorn University

Bachelor Degree of Accountancy Chulalongkorn University

Training : R-DF-Director Forum (R-DF) Class 1/2010

Audit Committee Program (ACP) Class 36/201 Director Certification Program (DCP) Class 92/2007

Training During the year : Ethical Leadership Program (ELP) Class 10/2017

: Advance Audit Committee Program (AACP) Class 27/2017

Number of shares held at the beginning of the year

Number of shares held at

the end of the year

: -

Number of Shares in Subsidiaries :
Number of shares held by the : spouse and minor children at

the end of the year

2016 - Present	Independent Director	Thai Oil Public Company Limited
2013 - Present	Chairman of Audit Committee	Khonburi Sugar Public Company Limited
2010 - 2013	Audit Committee and Independent Director	Khonburi Sugar Public Company Limited
2017 - Present	Independent Director and Audit Committee	Team Consulting Engineering and Management Public Company Limited
2017 - Present	Accounting Standard Committee	the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
2017 - Present	Committee	the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
2017 - Present	Chairman of the Audit Committee	Thai Investors Association
2014 - 2017	Auditing Standards Committee	the Federation of Accounting Professions Under the Royal patronage of His Majesty the King
2012 - Present	Director	Foundation to Support the Development of Academic Law - Faculty of Law, Chulalongkorn University
2012 - Present	Director and Treasurer	Yong Som Jai Santiwattana Foundation
2010 - Present	Managing Director	DIA International Audit Company Limited
2004 - Present	Professional Committee	Department of Accountancy, Chulalongkorn University Alumni Association
2002 - Present	Director	75 C P E Company Limited
1990 - Present	Executive Director	DIA Audit Company Limited
1988 - Present	Director	Yong Som Jai Company Limited

10. Mr. Voravit Rojrapitada

Position : Independent Director and Audit Committee and Risk Management Committee

Age : 73 years old

Education : Certificate, Assumption Commercial College Mini M.B.A., Thammasat University

Advance Course in General (Non-Life) Insurance, Swiss Insurance Training Center, Switzerland Skandia Insurance Management, Philippines

Training : Director Certification Program (DCP) Class 27/2003

Training During the year :
Number of shares held at : -

the beginning of the year

Number of shares held at : -

the end of the year

Number of Shares in Subsidiaries :
Number of shares held by the : spouse and minor children at

spouse and minor children a the end of the year

Experiences:

2013 - present Independent Director and Audit Committee Khonburi Sugar Public Company Limited

1981 - present Director Bangkok Insurance Public Co., Ltd.

1999 - 2014 Director Chumporn Palm Oil Industry Public Co., Ltd

11. Mr. Suwat Summasshipvitsavakul

Position : Independent and Director Audit Committee

Age : 65 years old

Education : Senior Executive Program (SEP) 16/2002 SASIN Graduate institute Of

Business Administration of Chulalongkorn University

Agricultural Trade Finance in USA. Sponsored by Cochran Fellowship Program 1999

Master Degree in Business Administration National Institute of

Development Administration

Training : Directors Certification Program (DCP) 42/2004

Training During the year : Number of shares held at : -

the beginning of the year

Number of shares held at :

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at the end of the year

Experiences:

Chairman of The Nomination and

Thai Sugar Terminal Public Company Limited

Remuneration Committee and Audit Committee

2015 - Present

2017 - Present

Independent Director and Audit Committee

Khonburi Sugar Public Company Limited

2015 - 2017

Advisor to the Board of Directors

Gussing Renewable Energy (Thailand) Company Limited

12. Mr. Kriangsak Phattarakosol

Position : Deputy Managing Director of Raw Material

Age : 64 years old

Education : Bachelor Degree of Agriculture, Kasetsart University

Training : Training During the year : -

Number of shares held at : 95,000 shares

the beginning of the year

Number of shares held at : 95,000 shares

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : spouse and minor children at

the end of the year

2017 - Present	Deputy Managing Director of Raw Material	Khonburi Sugar Public Company Limited
2014 - 2016	Director of Supply Chain	Mitr Kaset Sugar Factory Uthaithanee
2008 - 2013	Sugar cane manager	Sugar Factory
1997 - 2007	Plant Manager	Sugar Factory Ratchaburi
1975 - 1996	Assistant Plant Manager	Sugar Factory Suphanburi

13. Mr. Rangsan Tawintermsup

Position : Assistant Managing Director of Supply Chain

Age : 34 years old

Education : M Phil Industrial Systems Manufacture and Management

University of Cambridge , Trinity College , $\ensuremath{\mathsf{UK}}$

BA (Honors) Mathematics University of Cambridge, Trinity College, UK

Training : Training During the year : -

Number of shares held at : 6,125,000 shares

the beginning of the year

Number of shares held at : 6,125,000 shares

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at

the end of the year

Experiences:

2015 - Present Assistant Managing Director of Supply Chain Khonburi Sugar Public Company Limited
 2015 - Present Senior Advisor Chumporn Palm Oil Industry PLC
 2008 - 2014 Trading Manager Glencore Singapore Pte. Ltd, Singapore
 2008 - 2014 Associate Nomura International, Singapore

14. Mr. Dumrong Putiput

Position : Factory Director

Age : 56 years old

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

Training During the year : -

Number of shares held at the beginning of the year

Number of shares held at :

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at

the end of the year

Experiences:

2013 - Present Factory Director Khonburi Sugar Public Company Limited)

2010 - 2013 Project Director Cristalla Co.,Ltd

15. Mr. Rakkiti Tanglamlert

Position : Chief Financial Director

Age : 49 years old

Education : Bachelor Degree in Accounting, Chulalongkorn University

Master Degree in business Accounting, Kasetsart University

Training : Certified Public Accountant (CPA)

Strategic CFO in Capital Market and Ethic code & Anti Corruption

Training During the year

Number of shares held at the beginning of the year

Number of shares held at

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the spouse : -

and minor children at the end of the year

Experiences:

2016 - Present Chief Financial Director
 2013 - 2015 Chief Financial Officer
 Khonburi Sugar Public Company Limited
 Chumporn Palm Oil Industry Public Company

16. Mr. Anusit Bowornnimit

Position : Business Development Director

Age : 45 years old

Education : Bachelor of Engineering Khonkaen University

Training :
Training During the year :
Number of shares held at :
the beginning of the year

Number of shares held at

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at the end of the year

Experiences:

2017 - Present Business Development Director Khonburi Sugar Public Company Limited

2012 - 2017 Deputy Managing Director Technical and Marketing Yaosoeng Sugarandcane Consultant Co., Ltd.

17. Ms. Surawee Puangthong

Position : Senior Manager Finance

Age : 53 years old

Education : Master of Business Administration Accounting Siam University

Bachelor of Acounting Dhonburi Rajabhat University

Bachelor of General Management Dhonburi Rajabhat University

Training : Director Accreditation Program (DAP) 90/2011

Training During the year : Number of shares held at : -

the beginning of the year

Number of shares held at : -

the end of the year

Number of Shares in Subsidiaries : Number of shares held by the : -

spouse and minor children at

the end of the year

Experiences:

2011 - Present Senior Manager Finance Khonburi Sugar Public Company Limited

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 polices 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 polices 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. 4817 Fax.: (02) 725-4898

Email: ir@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 2017, 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	4/4	-	-	-	-
2	Mr. Takon	Tawintermsup	4/4	-	-	-	10/12
3	Mr. Somkiat	Twiltermsup	4/4	-	1/1	-	8/12
4	Mr. Tat	Wanakornkul	4/4	-	1/1	-	11/12
5	Mr. Issara	Twiltermsup	4/4	-	1/1	-	11/12
6	Mr. Amnart	Rumpoeypong	4/4	-	-	2/2	-
7	Mr. Sran	Smutkochorn	3/4	-	1/1	1/2	-
8	Dr. Thawatchai	Nakata	4/4	-	-	2/2	-
9	Ms. Suvimol	Krittayakian	4/4	4/4	-	-	-
10	Mr. Voravit	Rojrapitada	4/4	4/4	1/1	-	-
11	Mr. Suwat	Summasshipvitsavakul	3/4	3/4	-	-	-

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

- The Extraordinary General Meeting of shareholders 1/2013 determines the number of Directors shall hold office for eleven persons. Therefore, each director's term lasts approximately three years.
- All directors shall be legally qualified and shall not possess any characteristics prohibited by law.
- The Board of Directors shall comprise the independent directors, as six Independent Directors. The Independent Director of the Company shall be legally qualified and shall not posses 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.
- 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.
- On November 30, 2010 The Board of Directors approved the appointment of

5.2) Sub-committees

The Company set up four 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 Krittayakiern 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) Board of Directors meeting

- 1. The Charter of the Board of Director committee requires at least one meeting in a quarter to monitor irregularity and consider financial statement.
- 2. The Board of Director scheduled the meeting date yearly by inform all directors so all directors can attend the meeting without exception.

The meeting date as of 2018 has been scheduled excluding special term as follow

No.	Board of Director Committee / Audit Committee	the Nomination and Remuneration Committee
1	Tuesday ,27 th February 2018	Tuesday ,27 th February 2018
2	Tuesday ,15 th May 2018	Tuesday ,13 th November 2018
3	Tuesday ,14th August 2018	
4	Tuesday ,13 th November 2018	

- 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 are 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) Directors' self-assessment

The Board of Directors instructs to make the self-assessment form once a year by using the form developed by SET as guidelines so as to make a framework to examine the conduct of duties of the board. After the tabulation is processed, the committee shall give observations regarding the performance of the board and each committee submit to the board. The assessment shall weigh the implementation of the policy and/or good practices so as to improve the work of the board to be consistent with the policies and to increase work efficiency. The self-evaluation are as follow:

More than 80% = Excellent

60% to 79% = Good

40% to 59% = Average

20% to 39% = Fair

Less than 20% = Not proceed

The Board of Directors No.1/2017 on February 27th, 2018, the committee made the self-assessment in the important subjects such as the board structure and qualification, responsibilities of the board of directors, the board of directors meeting, director's duties ,relationship with operation and directors' personal development. The result of self-assessment was 94.95% which was in the excellent range.

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:

- 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 informs executives about their obligation to disclose share holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority according to article 59-1 and 59-2 and also article of the Securities and Exchange on 1992 which executives have to inform their obligation to disclose share holdings and changes of the holdings to Securities and Exchange Commission (SEC) within 3 days.
- 5. Directors and executives have to inform the board of director about their trading on the company's securities at least 1 day before the trade occur.

The Office of Company Secretary send notice to directors and executives advising those who receive important inside information that affects prices of securities shall not trade corporate securities within that one month and not disclose the important inside information before the corporate financial statements or the particular information is publicized.

In the past year, neither directors nor executives used insider trading. The Company was not violating connected translation guidelines provided by the Securities Exchange Commission and the framework set by the Stock Exchange of Thailand .Moreover, the board of director committee and executives disclosed share holdings and changes of the holdings of themselves, their spouses, and their children who have not yet attained the majority at first representatives to join the position.

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.

Anti-corruption Policy

Khonburi Sugar Public Company Limited and subsidiaries (the "Company") are determined to conduct business ethically and adhere to the principles of good corporate governance and code of conduct as well as policies and procedures beneficial to all groups of stakeholders. The Company has set a policy to work against all forms of corruption that may occur in business operation and communication with stakeholders. The Company requires all directors, executives, and employees to strictly follow the anti-corruption policy. In 2016, the Company clearly expressed its intention to the public by becoming a member of "Thailand's Private Sector Collective Action Coalition against Corruption".On November 2017, the company received a Certificate of Membership of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

Definition according to Anti-Corruption Policy

Corruption means bribery in any forms either by offering, promising to offer, assuring, requesting, demanding or receiving money, asset or any improper benefits to government officials, government agencies, private agencies or persons in charge, directly or indirectly, aiming to have those persons to perform or omit their performance of duties, in order to gain or maintain business interest or suggest business to the Company, or to gain or maintain any improper business interest, unless it is permissible by laws, rules, notifications, regulations, local tradition or trading norms.

Anti-Corruption Policy

The Company's directors, executives and employees are prohibited from engaging or accepting corruption of all forms either directly or indirectly. This also includes all businesses in all countries and related units. Due diligence shall be conducted on the compliance with anti-corruption policy regularly, and operational procedures and requirements shall also be reviewed to ensure that they remain in line with changing environment in terms of economy, politics and society, when carry out business, as well as rules, regulations and provisions of laws.

Duties and Responsibilities

- The Company's Board of Directors have duties and responsibilities to establish and regulate policy in order
 to ensure that there is effective supporting system in place for anti-corruption, and to demonstrate that the
 management recognizes and places importance on anti-corruption and inculcates it until the policy becomes
 corporate culture.
- 2. The Audit committee has duties and responsibilities to conduct due diligence on financial and accounting reporting system, internal control system, internal audit system, and other processes relating to anti-corruption measures, to ensure that they are effective and in accordance with the standard.
- 3. The executives have duties and responsibilities to set up system, promote and support anti-corruption policy in order to communicate it to employees and all related parties, and to review suitability of systems and measures to ensure that they are in line with changing business aspects, rules, regulations and provisions of laws.
- 4. The manager of internal audit office has duties and responsibilities to inspect and review in order to ensure that the overall operation is performed correctly and in accordance with policies, procedures, operating authority, rules, regulations, laws, and requirements of regulatory agencies, and ensure that suitable and adequate control system is in place for corruption-related risk, and report to audit committee.

Operational Procedures

- 1. Directors, executives and employees in all levels are required to comply with the Company's anti-corruption policy and code of conduct, and not to get involved in corruption issues either directly or indirectly.
- 2. The Company's employees shall not neglect or ignore when witnessing any corrupted behaviors relating to the Company, and are required to inform their supervisor and person in charge, and provide cooperation for examination of facts. If there is any concern or inquiry, the employees shall consult with their supervisor or person who is assigned with duties and responsibilities to monitor the compliance with the Company's code of conduct, through various channels as provided by the Company.
- 3. The Company will fairly treat and protect the employees who reject corruption or report any corrupted behaviors relating to the Company, by using measures to protect complainants or persons who cooperatively report corrupted behaviors as specified in the Company's whistle blower policy.
- 4. Person engaging in corruption is violating the Company's code of conduct, and shall be subject to disciplinary action as specified by the Company's regulations, and may be subject to legal penalties if such conduct also violates the laws.
- The Company recognizes the importance of the dissemination of knowledge and understanding to other
 people who perform duties relating to the Company or may affect the Company with regard to the compliance
 with this anti-corruption policy.
- 6. The Company strives to create and preserve corporate culture that will insist and do not tolerate corruption in any transaction with government and/or private sector.

Operational Requirements

- 1. This anti-corruption policy covers personnel management processes from recruitment, selection, promotion, training, performance assessment, reward and punishment for employees, by requiring all levels of supervisors to communicate and build understanding with employees in order to apply to business activities under their responsibilities, and monitor to ensure that operation is effectively carried out.
- 2. Any operation under anti-corruption policy shall apply procedures as specified in the Company's code of conduct handbook, policies and procedures on various groups of stakeholders, as well as all related rules and operational manuals of the Company, and other procedures to be specified by the Company in the future.
- 3. For clarity of operation with high risk of corruption, the directors, executives and employees of all levels shall perform the following conducts in a cautious manner:
 - 3.1 Gift, entertainment and expenses Giving, offering or receiving gift and entertainment shall be done openly, transparently and in accordance with the Company's code of conduct and procedures on giving and receiving gift, property or any benefits and entertainment.
 - 3.2 Charitable donation or sponsor transaction
 Giving or receiving donation or sponsor transaction shall be transparent, pursuant to the laws, and verifiable. It shall be assured that donation or sponsor transaction will not be claimed as bribe. In addition, political sponsor shall be transparent and pursuant to applicable laws.
 - 3.3 Business relations and government procurement Giving and receiving bribe are prohibited when carrying out business of all types, the Company's operation and interaction with government sectors shall be carried out transparently, honestly, and in accordance with applicable laws.
 - 3.4 Political assistance
 The Company remains politically neutral, and is not aligned with or against any political parties, groups or candidates whether in international or national level as specified in the Company's code of conduct.

Political assistance may be offered, provided that it shall be done legitimately and transparently, and shall be verifiable. Political assistance shall be reviewed by related unit, and approved by managing director only. Political assistance is assistance whether financially or in any other forms aiming to support political activities.

Whistleblowing Policy

Khonburi Sugar Public Company Limited and subsidiaries (the "Company") have developed the whistleblowing policy, which contain measures to protect and ensure that all directors, employees, and other persons will be treated fairly when they disclose information on potential corruption or violation of laws or the Company's rules and regulations. This is to ensure that any wrongdoing will be dealt with effectively and properly.

Information that should be reported:

- 1. Corruption and/or fraud
- 2. Abuse of power
- 3. Unauthorized use of the Company's money, assets, and/or facilities
- 4. Involvement in conflict of interest and/or use of one's position for business opportunity
- 5. Failure to comply with the Company's rules, regulations and/or code of conduc
- 6. Involvement in political activities and dangerous and/or illegal conduct
- 7. Omission of duties or use of one's position to seek personal gain
- 8. Breach of laws
- 9. Unauthorized disclosure of the Company's information
- 10. Actions that pose risk to safety and security of properties, facilities and/or employees of the Company
- 11. Actions not meeting professional standards
- 12. Concealment of the abovementioned information
- 13. Threat to directors, executives, or employees of the Company

Information that should not be reported:

- 1. False and unreasonable information
- 2. Defamation
- 3. Information without sufficient evidence

Reporting procedures

- 1. Type of corruption or wrongdoing
- 2. Names of persons involved
- 3. Date, time, and place of corruption
- 4. How the corruption activity is conducted
- 5. Witness
- 6. Related documents or evidence

Eligible Whistleblower

- 1. An employee and/or a person witnessing the breach of laws, regulations, articles of association, or business code of conduct of the Company
- 2. An employee who is treated unfairly, threatened, suffers disciplinary actions, such as pay reduction, suspension from work or termination of employment, or is discriminated in relation to employment conditions because he/she has filed a complaint, disclosed any information, is to provide information in the investigation process, collects any facts for a person receiving the complaint, or files a lawsuit, becomes a witness, testifies, or cooperates with the court or government agency

Channels for Making a Report or Filing a Complaint

The Board of Directors gives every stakeholder an opportunity to communicate with the Board of Directors. The rights of every person giving information or filing a complaint on any issue will be protected. The information or complaint shall be sent to the Audit Committee and be further reported to the Board of Directors in accordance with established procedures. The channels for sending the information or complaint are shown below:

By mail: Send to Chairman of the Audit Committee at Khonburi Sugar Public Company Limited,
 P.O. Box 419, Phra Khanong, Bangkok.

2. By email: Send to Chairman of the Audit Committee at anticorruption.kbs@gmail.com.

Where the complainant chooses not to disclose his/her name, sufficient details or clear evidence shall be provided to make it reasonable to believe that there was actually a violation of the laws or the Company's regulations, articles of association, or business code of conduct.

Information regarding the complaint will be kept confidential. A complaint can be filed through more than one channel. The complainant does not have to disclose his/her name. However, if the complainant discloses him/herself, the Company will be able to notify him/her of the result or additional information on the complaint made.

Investigation Process

- 1. The complaint recipient will forward the complaint to the Complaint Handling Committee that will investigate the complaint and collect facts or may assign a reliable person or organization to investigate the complaint.
- 2. The Complaint Handling Committee and/or its delegate shall have the power to invite any employee to provide information or send any relevant documents for examination.
- 3. If the investigation shows that a wrongdoing was actually conducted, the Company shall proceed as follows:
 - 3.1 If the complaint is about the Company violating the laws or its regulations, articles of association or business code of conduct, the complaint along with opinions and corrective actions will be submitted to the authorized person for consideration. If the complaint concerns an important matter, such as thing that affects the Company's image or reputation or its financial position or violates the Company's business operation policies, or if it involves high-level executives, the complaint shall be forwarded to the Audit Committee or the Board of Directors for consideration.
 - 3.2 If the complaint causes damage to any person, suitable methods for mitigating the damage and fair to the victim shall be recommended.

Protection of Person Providing Information

- 1. The complainant may choose to not disclose his/her name, if he/she considers that such disclosure may cause damage to him/her. If the complainant chooses not to disclose his/her name, clear and sufficient details or evidence shall be provided to make it reasonable to believe that there was actually a violation of the laws or the Company's regulations, articles of association, or business code of conduct. However, if the complainant chooses to disclose him/herself, the complaint recipient will be able to work on the complaint faster.
- 2. Information regarding the Company is considered confidential and can be disclosed as necessary only, taking safety and potential damage caused to the complainant, sources of the information, or relevant persons into consideration. A person in charge of each step shall keep the information received strictly confidential and not disclose such information to any other person. Violation of such requirement will be considered a breach of discipline.
- 3. Where the complainant considers that he/she may not be safe or there may be damage caused to him/her, he/she may ask the Company to take proper protection measures or the Company may determine protection measures without being requested by the complainant if it is deemed that the complaint tends to cause damage or unsafety.
- 4. t is considered a breach of discipline if an employee treats another person unfairly, discriminates, or causes damage to such person because that person files a complaint or providing information on corruption or failure to comply with laws or the Company's regulations, articles of association, or business code of conduct, or files a lawsuit, gives a witness statement, or cooperates with the court or governmental agency. Disciplinary action will be taken against such employee who may also be punished in accordance with law if his/her action is a breach of the law.
 - 5. Proper and fair methods or processes will be used to mitigate damage caused to victim.
- 6. Proper action, including legal proceedings, will be taken against any person abusing or threatening a person who provides information to the Company.

Auditor Fee

At the end of December 2017, the Auditor fee of the company and subsidiaries to EY Office Limited was not exceeded THB 1,635,000. The Auditor fee for the first three quarters was not exceeded THB 690,000. Total Auditor fee in the year was THB. 2,325,000.

EY Officer Limited has been the company's auditor since 2013

Related Transactions

The company has policies and procedures for related party transactions with subsidiaries who may have conflicts of interests. The audit committee shall evaluate any transaction for which prior approval from the board of directors. If the transaction exceed the management or committee power, the transaction will be issued to the board of committee case by case. Terms and prices have been offered according to industry practice and how they compare to terms offered by other vendors. In 2017, related transactions which show details, relations, type of transaction, condition and amount are in the notes to the financial statements as of 31st December, 2017, No.7.



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 2017 to 31 December 2017, 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 2017 to 31 December 2017 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 2017.

(Mr.Suthep Wongvorazathe)

S. Wom

Chairman

(Mr.Takol Tawintermsup)

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:

Ms. Suvimol Krittayakiern Chairman of the Audit Committee

Mr. Voravit Rojrapitada the Audit Committee
 Mr. Suwat Summasshipvitsavakul the 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 2017, 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 2017, which ended on December 31, 2017 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.

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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 2017 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 2018 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 2018 Annual General Meeting of Shareholders for the appointment of Mr. Sophon Permsirivallop Certified Public Auditor No. 3182 and/or Ms. Rungnapa Lertsuwankul Certified Public Auditor No. 3516 and/or Mr. Chayapol Suppasethnondha, Certified Public Auditor No. 3972 and/or Ms. Sumana Punpongsanon, C.P.A. Registration No. 5872 and/or Ms. Pimjai Manitkajohnkit Certified Public Auditor No. 4521 and/or Ms. Rosaporn Decharkom Certified Public Auditor No. 5659, of EY Office Company Limited as the Company's certified public auditor.

Ms. Suvimol Knttayakiem)

Chaiman of the Audit Committee

Management Discussion and Analysis

APPENDIX 1: Summary of performance overview of the Company and its subsidiaries

Particular		For the year ended 31 Dec. 15		For the year ended 31 Dec. 16		For the year ended 31 Dec. 17	
	(Million Baht)	(%)	(Million Baht)	(%)	(Million Baht)	(%)	
Revenues							
Sales and service income	6,542.3	98.2	6,925.1	96.7	7,820.2	95.7	
Others income	98.4	1.4	163.4	2.3	339.9	4.2	
Gain on exchange	24.7	0.4	10.0	0.1	-	-	
Gain on derivatives	-	-	62.5	0.9	11.8	0.1	
Total revenues	6,665.4	100.0	7,161.0	100.0	8,171.9	100.0	
Expenses							
Cost of sales and services	6,035.0	90.5	6,645.9	92.8	7,707.7	94.3	
Selling and admistrative expenses	584.7	8.8	613.7	8.6	586.1	7.2	
Loss on exchange	-	-	-	-	24.0	0.3	
Loss from subsidiary's accident	-	-	135.1	1.9	-	-	
Loss on derivatives	55.6	0.8	-	-	-	-	
Total expenses	6,675.3	100.1	7,394.7	103.3	8,317.8	101.8	
Profit (loss) before finance cost							
and income tax	(9.9)	(0.1)	(233.7)	(3.3)	(145.9)	(1.8)	
Finance cost	(98.0)	(1.5)	(189.2)	(2.6)	(193.8)	(2.4)	
Income tax	57.7	0.9	67.6	0.9	(36.9)	(0.5)	
Net profit (loss) for the year	(50.2)	(0.7)	(355.3)	(5.0)	(376.6)	(4.6)	

APPENDIX 2 : Summary of financial position

Particular	31 Dec. 15	31 Dec. 16	31 Dec. 17
Particular	(Million Baht)	(Million Baht)	(Million Baht)
Assets			
Current assets			
Cash and cash equivalents	81.9	126.4	232.6
Trade and other receivables	490.0	964.1	679.1
Sugarcane platation receivables	815.1	734.7	867.3
Inventories	1,157.3	1,094.9	1,043.3
Derivative assets	-	-	3.8
Other current assets	276.8	291.9	284.3
Total current assets	2,821.1	3,212.0	3,110.4
Non-current assets			
Other long-term investments	2.0	2.0	3.0
Sugarcane platation receivables - long-term	269.3	262.7	321.0
Amounts due from the Office of the Cane and Sugar	169.8	-	-
Property, plant and equipment	6,589.4	6,842.4	6,513.1
Intangible assets	147.6	140.0	131.7
Advance payment for assets	40.1	7.0	6.7
Deferred tax assets	21.3	93.0	61.9
Other non-current assets	8.5	49.3	9.8
Total non-current assets	7,248.0	7,396.4	7,047.2
Total assets	10,069.1	10,608.4	10,157.6
Liabilities			
Current liabilities			
Short-term loans from financial institutions	1,202.7	1,839.3	2,548.2
Short-term loans from related party	-	311.5	-
Trade and other payables	1,140.1	1,306.8	1,357.3
Current portion of long-term loans from			
financial institutions	1,082.0	1,187.0	1,226.6
Other current liabilities	67.9	147.6	149.3
Total current liabilities	3,492.7	4,792.2	5,281.4

Postly Inc.	31 Dec. 15	31 Dec. 16	31 Dec. 17
Particular	(Million Baht)	(Million Baht)	(Million Baht)
Non-current liabilities			
Net of current portion			
- Liabilities under financial lease agreements	15.0	56.9	33.8
- Long-term loans from financial institutions	2,551.3	2,177.7	1,663.0
Provision for long-term employee benefits	39.2	33.7	33.7
Deferred tax liabilities	-	-	-
Total non-current liabilities	2,605.5	2,268.3	1,730.5
Total liabilities	6,098.2	7,060.5	7,011.9
Shareholders' equity			
Registered			
600,000,000 ordinary shares of Baht 1	600.0	600.0	600.0
Issued and fully paid up			
600,000,000 ordinary shares of Baht 1	600.0	600.0	600.0
Share premium	2,230.2	2,230.2	2,230.2
Retain earnings			
Legal reserve	60.0	60.0	60.0
Appropriated	1,072.5	663.2	259.2
Other components of shareholders' equity	8.2	(5.5)	(3.7)
Total shareholders' equity	3,970.9	3,547.9	3,145.7
Total liabilities and shareholders' equity	10,069.1	10,608.4	10,157.6

APPENDIX 3 : Summary of cash flow

Cash flow statements	For the year ended 31 Dec. 15	For the year ended 31 Dec. 16	For the year ended 31 Dec. 17
Net cash flows from (used in) operating activities	(217.8)	339.3	587.3
Net cash flows used in investing activities	(2,417.8)	(709.5)	(155.2)
Net cash flows from financing activities	2,415.7	414.7	(326.0)
Net increase (decrease) in cash and cash equivalents	(219.9)	44.5	106.1
Cash and cash equivalents at beginning of year	301.8	81.9	126.4
Cash and cash equivalents at end of year	81.9	126.4	232.5

APPENDIX 4: Financial Ratio

Financial Ratio		For the year ended 31 Dec. 15	For the year ended 31 Dec. 16	For the year ended 31 Dec. 17
Liquidity Ratio				
Current Ratio	time	0.8	0.7	0.6
Quick Ratio or Acid Test Ratio	time	0.5	0.4	0.4
Average Collection Period	day	26	38	38
Holding Period	day	72	62	51
Payable Conversion Period	day	73	72	64
Cash Cycle	day	25	28	25
Profitability Ratio				
Gross Profit Margin	%	7.6%	3.9%	1.4%
Operating Profit Margin	%	(0.1%)	(3.3%)	(1.8%)
Net Profit Margin	%	(0.8%)	(5.0%)	(4.6%)
Return On Equity or ROE	%	(1.3%)	(10.0%)	(12.0%)
Efficiency Ratio				
Return On Assets	%	(0.5%)	(3.3%)	(3.7%)
Return On Fix Assets	%	(0.8%)	(5.2%)	(5.8%)
Total Assets Turnover	time	0.7	0.7	0.8
Leverage Ratio				
Debt to Equity ratio	time	1.5	2.0	2.2
Interest Coverage	time	2.2	1.6	2.4
Cash Basis	time	(0.1)	0.2	0.4

1. Financial Position

1.1 Assets

As at December 31, 2017 the Company had assets amounting to THB 10,157.6 million, which had decreased from last year by THB 450.8 million or 4.2 percent, with details on the change of current and non-current assets as follows:

- Current assets amounting to THB 3,110.4 million, which had decreased from last year by THB 101.6 million or 3.1 percent mainly due to the following reasons
 - Cash and cash equivalents had increased by THB 106.2 million.
 - Trade and other accounts receivable had decreased by THB 285.0 million, due to debts management and on time debt collection.
 - Sugarcane plantation receivables had increased by THB 132.6 million, due to expand sugarcane plantation harvesting areas.
 - Inventories had decreased by THB 51.6 million ,due to the decreasing of sugarcane crushed last year by 202,792 tons and quicken sugar selling preparing for new sugarcane Act
 - Derivatives had increased THB 3.8 million.
 - Other current assets had decreased by THB 7.6 million.
- Non-current assets amounting to THB 7,047.2 million, which had decreased by THB 349.2 million or 4.7 percent mainly due to the following reasons:
 - One year overdue sugarcane plantation receivables had increased THB 58.3 million, due to expand sugarcane plantation harvesting areas.
 - Land, building and equipment had decreased by THB 329.3 million
 - Deferred tax assets had decreased by THB 31.1 million, due to increase of unused tax loss.u
 - Other non-current assets had decreased by THB 39.5 million

1.2 Liabilities

As at December 31, 2017, the Company had total liabilities amounting to THB 7,011.9 million, which had decreased from last year by THB 48.6 million or 0.7 percent. The Company liabilities included:

- Current liabilities amounting to THB 5,281.4 million, which had increased from last year by THB 489.2 million or 10.2 percent mainly due to the following reasons:
 - Short-term loan from financial institutions had increased by THB 708.9 million for company's liquidity.
 - Short-term loan from related party had decreased by THB 311.5 million.
 - Trade and other payables had increased by THB 50.5 million.
 - Current portion of long-term loans had increased THB 39.6 million.
- Non-current liabilities amounting to THB 1,730.5 million had decreased from last year by THB 537.8 million, due to in the year 2017 the company paid up long-term load during the year.

1.3 Shareholders' Equity

As at December 31, 2017, the Company had shareholders' equity amounting to THB 3,145.7 million, which had decreased from last year by THB 402.2 million or 11.3 percent. The change on shareholders' equity mainly resulted from the following reasons:

- Net loss from operation amounting to THB 374.0 million.
- Dividend payment amounting to THB 30.0 million.

2. Overall operation

Overall Performance

In 2017, Group of Khonburi Sugar Public Company Limited earned a total revenue of THB 8,171.9 million, increased from 2016 by 14.1 percent, primarily due to increased earnings from bagasse sales of THB 697.9 million or 10.1 percent. The main reason was the quantity of bagasse sales had increased 80.6 percent and the bagasse price was also raised up 18.1 percent.

Revenue from sugar sales had decreased from last year by THB 13.7 million or 0.2 percent, due to the decrease of total cane crushing of 202,792 tons and also the decrease of sugar sales volume of 12 percent last year. However, the average sugar price had increased 19 percent since the global sugar price, which has been continually rising since 2016. Furthermore, revenue from bagasse sales had decreased THB 37.7 million or 0.5 percent last year, due to 16 percent dropped on bagasse sales.

For power plants in the Group, revenue from sales of electricity to the Electricity Generating Authority of Thailand ("EGAT") under the 22 Megawatt Firm Contract had increased by THB 163.6 million or 2.4 percent, due to sales quantity which had increased 52 percent from last year. The reason for the sales quantity increment was a subsidiary conducted repairs on machinery for damaged main steam pipes on 23 April 2016. Repairs are already completed, and electricity sales to EGAT recommenced on 25 October 2016 so the electricity sales to EGAT had been sold all the year.

The Group's cost of sales and service amounted to THB 7,707.7 million, increased by 16.0 percent from the previous year. Hence, the Company earned less gross profit than the previous year from 4.0 percent to 1.4 percent. The decrease in gross profit directly resulted from the sugarcane cost which had increased from THB 884 to THB 1,079. The impact resulted loss of THB 423 million. Furthermore, outer space cane transportation cost had increased by THB 109 million. Moreover, increased depreciation was at THB 79 million from the project for expansion of daily production of 12,000 tons (line C project), Conditioning Silo and Packing Station. The fuel cost had increased THB 125 million. The maintenance cost had increased THB 87 million.

The Group's selling and administrative expenses decreased from the previous year by 4.5 percent due to decreased expenses in sugar sales in line with increased quantity of sugar sales.

In 2017, the Company's gain from financial derivative amounted to THB 11.8 million, decreased from the previous year by 81.1 percent, due to hedging of risks to profits from sugar sales. The company maintained sugar sales ratio to be near the sales ratio of Thai Cane & Sugar Corporation Limited ("TCSC").

Due to the aforementioned factors, the Group experienced a net loss of THB 376.6 million in 2017, an increased loss from the previous year by THB 21.4 million.

However, the Group's earnings before financial expenses, income tax, depreciation and amortization (EBITDA) were THB 458.7 million, increased from the previous year by 56.9 percent.

Total income

In 2017, the Company had total income amounting to Baht 8,171.9 million, which had increased by 14.1 percent, having details as follows:

	2017 (Million Baht)	2016 (Million Baht)	Change (Million Baht)	Change (Percent)
Income				
Income from sales and services	7,820.2	6,925.1	895.1	12.9
Other income	351.7	235.9	115.8	1.6
Total income	8,171.9	7,161.0	1,010.9	14.1

Revenue from sales and services

Revenue from sales and services in 2017 was at Baht 7,820.2 million, which had increased from last year by 12.9 percent, having details as follows:

	2017 (Million Baht)	2016 (Million Baht)	Change (Million Baht)	Change (Percent)
Revenue from the sale of sugar	5,357.4	5,371.1	(13.7)	(0.2)
Revenue from the sale of molasses	518.5	556.2	(37.7)	(0.5)
Revenue from the sale and purchase of molasses	1,104.6	406.7	697.9	10.1
Revenue from the sale of electricity	483.6	320.0	163.6	2.4
Revenue from agricultural sales and services	356.1	271.1	85.0	1.2
Total revenue from sales and services	7,820.2	6,925.1	895.1	12.9

- Revenue from the sale of sugar was at THB 5,357.4 million, which had decreased from last year by THB 13.7 million, representing 0.2 percent due to the decreased sale volume of 38,049 tons or 12 percent, and the average sale price had increased by 19 percent.
- Revenue from the sale of molasses was at THB 1,623.1 million, which had increased from last year by 9.5 percent. The sale volume of molasses had increased by 31 percent while the average sale price per unit had increased by 12 percent.
- Revenue from the sale of electricity was THB 483.6 million, which had increased from last year by 163.6 million or 2.4 percent.
- Revenue from agricultural sales and services was at THB 356.1 million, which had increased from last year by 1.2 percent.

Costs of sales and gross profit margin

Comparison of the Company's costs of sales and gross profit margin in year 2017 and 2016 is shown in the following table:

	2017 (Million Baht)	2016 (Million Baht)	Change (Million Baht)	Change (Percent)
Income from sales and services	7,820.2	6,925.1	895.1	12.9
Costs of sales and services	7,707.7	6,645.9	1,061.8	16.0
Gross profit	112.5	279.2	(166.7)	(59.72)
Gross profit margin	1.4%	4.0 %	-	(2.6%)

- Gross profit in 2017 had decreased from last year by THB 166.7 million mainly because of the increased sugarcane price of THB 195 and the electric fuel cost of THB 125 million, as the result, lowered the Company gross margin by 2.6 percent from the previous year. Even though, the Company revenue from sales and services increased THB 895.1 million.
- Although, sales volume of sugar and molasses has increased compared from last year but the company has higher production costs in term of sugarcane and transportation cost.

Sale and administrative expenses

In 2017, the group Company had sale and administrative expenses totaling THB 586.1 million, which had decreased from the same period of last year by THB 27.6 million because of the decrease of sale expenses based on the decreased sale volume.

Financial expenses

In 2017, the group Company had financial expenses amounting to THB 193.8 million, which had increased from previous year by THB 4.6 million or 2.4 percent mainly because of the increased use of short term loan for company's working capital.

Corporate income tax

In 2017 the group of company had tax expense amounting to THB 36.9 million, which had increased from previous year by THB 104.5 million. The previous year had income tax of THB 67.6 million.

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

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

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sale is the most significant amount in the consolidated financial statements and it is a key performance indication in the industry on which the financial statements' users focus. Therefore, there is a risk with respect to the timing of revenue recognition. For this reason, I have paid particular attention to the Group's recognition of revenue from sales of goods in order to ensure that the revenue is recorded correctly and in accordance with the relevant accounting standards.

I have examined revenue recognition of the Group by

- Assessing internal controls of the Group with respect to the revenue cycle by making enquiry of responsible
 executives, gaining an understanding of the control and selecting representative samples to test the operation of
 the designed controls.
- Applying a sampling method to select sales documents to assess whether the recognition was consistent with the
 conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- · Performing analytical procedures on disaggregated data in sales transactions throughout the period.

Allowance for sugar cane plantation receivables

As discussed in Note 10 to the financial statements, the allowance for sugar cane plantation receivables is estimated based on various assumptions. Therefore, the management is required to exercise considerable judgement in determining the assumptions to be used in estimating allowance for the sugar cane plantation receivables expected to be incurred when debtors are unable to repay principal. Therefore, there is a risk of allowance for sugar cane plantation receivables.

I assessed and tested the internal controls relevant to sugar cane plantation receivables and its allowance. I also assessed the key information, assumptions and methods used by the Company in calculating allowance for sugar cane plantation receivables applying the following procedures:

- Gaining an understanding of the basis applied in determining allowance for sugar cane plantation receivables, and reviewing the consistency of the application of that basis, and whether the rationale for the recording of allowance.
- I performed analytical procedures of assumptions that the Company applied against historical data and external sources such as industry average ratios, financial and economic information, and the findings of assessments performed in other areas relating to the assumptions.
- I considered to what extent the methods applied were consistent with types of receivables.
- I tested the calculation of allowance for sugar cane plantation receivables.

Deferred tax

The Group has disclosed its accounting policy and details relating to deferred tax in Note 4.15 and Note 24 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax assets in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgment with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I assessed the estimates of future taxable profit for the purpose of deferred tax asset recognition by making enquiry of the management and checking the relevant information and key economic assumptions used in the projections against information from internal sources. Furthermore, I assessed the exercise of management judgment in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities
 within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction,
 supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 27 February 2018

Khonburi Sugar Public Company Limited and its subsidiaries Statements of financial position

As at 31 December 2017

(Unit: Baht)

		Consolidated fina	ancial statements	Separate financ	ial statements
	Notes	2017	2016	2017	2016
Assets				_	_
Current assets					
Cash and cash equivalents	8	232,570,832	126,438,301	75,504,932	100,193,847
Trade and other receivables	7, 9	679,080,196	964,086,441	360,534,571	1,041,225,966
Sugar cane plantation receivables - current portion	10	867,348,502	734,751,361	867,348,502	734,751,361
Short-term loans to related parties	7	-	-	516,000,000	482,200,000
Inventories	11	1,043,378,123	1,094,863,316	1,005,590,531	1,024,671,092
Derivative assets		3,787,468	-	3,787,468	-
Other current assets	12	284,281,348	291,908,359	260,138,831	223,647,214
Total current assets		3,110,446,469	3,212,047,778	3,088,904,835	3,606,689,480
Non-current assets				_	
Investments in subsidiaries	13	-	-	698,999,610	665,249,610
Other long-term investments	14	2,994,875	1,994,875	2,994,875	1,994,875
Sugar cane plantation receivables - long-term portion	10	320,988,063	262,745,746	320,988,063	262,745,746
Property, plant and equipment	15	6,513,105,036	6,842,379,983	4,914,736,506	5,224,938,483
Intangible assets	16	131,680,656	140,016,691	2,589,547	4,614,269
Advance payment for assets		6,676,448	6,967,593	-	291,145
Deferred tax assets	24.1	61,858,766	93,040,951	56,738,731	70,150,381
Other non-current assets		9,846,328	49,247,356	9,655,478	49,085,164
Total non-current assets		7,047,150,172	7,396,393,195	6,006,702,810	6,279,069,673
Total assets		10,157,596,641	10,608,440,973	9,095,607,645	9,885,759,153

Khonburi Sugar Public Company Limited and its subsidiaries Statements of financial position (continued)

As at 31 December 2017

7.0 0.0 1 200011301 2011					(Unit: Baht)
		Consolidated fina	incial statements	Separate financ	ial statements
	Notes	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	17	2,548,200,000	1,839,300,000	2,333,400,000	1,799,300,000
Short-term loans from related parties	7	-	311,520,300	85,000,000	396,520,300
Trade and other payables	7, 18	1,357,281,220	1,306,776,612	1,045,846,340	1,200,260,460
Current portion of:					
- Liabilities under financial lease agreements	19	28,856,446	26,794,445	28,165,797	26,208,823
- Long-term loans from banks	20	1,226,610,000	1,187,000,000	930,610,000	947,000,000
Income tax payable		2,253,873	482,848	-	-
Amounts due to the Office of the Cane and Sugar Fund		80,318,200	89,824,573	80,318,200	89,824,573
Derivative liabilities		263,174	2,161,072	-	2,161,071
Other current liabilities		37,560,944	28,345,378	27,097,660	15,235,473
Total current liabilities		5,281,343,857	4,792,205,228	4,530,437,997	4,476,510,700
Non-current liabilities					
Net of current portion:					
- Liabilities under financial lease agreements	19	33,782,216	56,907,159	33,585,798	56,020,093
- Long-term loans from banks	20	1,663,046,758	2,177,657,878	1,360,522,258	1,627,657,878
Provision for long-term employee benefits	21	33,691,460	33,719,087	29,536,718	29,415,028
Total non-current liabilities		1,730,520,434	2,268,284,124	1,423,644,774	1,713,092,999
Total liabilities		7,011,864,291	7,060,489,352	5,954,082,771	6,189,603,699
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	22	60,000,000	60,000,000	60,000,000	60,000,000
Unappropriated		259,223,792	663,190,358	251,331,436	807,709,311
Other components of shareholders' equity		(3,666,442)	(5,413,737)	18,438	(1,728,857)
Total shareholders' equity		3,145,732,350	3,547,951,621	3,141,524,874	3,696,155,454
Total liabilities and shareholders' equity		10,157,596,641	10,608,440,973	9,095,607,645	9,885,759,153

Khonburi Sugar Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

					(Unit: Baht)
		Consolidated fina	ancial statements	Separate finance	ial statements
	Notes	2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales income		7,803,841,971	6,919,421,681	6,228,931,106	6,160,060,148
Service income		16,372,120	5,708,523	16,686,521	6,176,698
Other income					
Interest income		72,316,660	60,996,622	93,979,100	78,729,911
Gain on exchange		-	10,027,950	-	7,959,162
Gain on derivatives		11,774,385	62,530,521	12,037,559	63,314,902
Dividend income		262,455	262,455	20,262,440	8,262,449
Income from fine of delay construction		-	31,692,669	-	31,692,669
Compensation from subsidiary's accident	15	165,606,648	25,000,000	-	-
Others		101,703,599	45,380,403	139,574,996	83,470,313
Total revenues		8,171,877,838	7,161,020,824	6,511,471,722	6,439,666,252
Expenses					
Cost of sales		7,672,809,712	6,639,691,613	6,282,398,995	5,982,051,687
Cost of services		34,913,095	6,212,944	35,227,496	6,681,119
Selling expenses		286,603,534	325,515,941	259,287,189	271,393,969
Administrative expenses		299,451,870	288,188,754	261,905,775	252,185,409
Loss from subsidiary's accident	15	-	135,148,793	-	-
Loss on exchange		24,012,926		22,391,934	
Total expenses		8,317,791,137	7,394,758,045	6,861,211,389	6,512,312,184
Loss before finance cost and income tax		(145,913,299)	(233,737,221)	(349,739,667)	(72,645,932)
Finance cost		(193,802,431)	(189,168,825)	(166,815,825)	(156,627,715)
Loss before income tax		(339,715,730)	(422,906,046)	(516,555,492)	(229,273,647)
Income tax revenues (expense)	24.2	(36,925,937)	67,648,285	(12,344,341)	47,744,071
Loss for the year		(376,641,667)	(355,257,761)	(528,899,833)	(181,529,576)
Other comprehensive income:					
Other comprehensive income to be reclassified to profit					
or loss in subsequent periods					
Unrealised gain (loss) from change in derivative					
financial instruments - net of income tax		1,747,295	(13,598,621)	1,747,295	(14,309,811)
Other comprehensive income to be reclassified to profit					
or loss in subsequent periods - net of income tax		1,747,295	(13,598,621)	1,747,295	(14,309,811)
Other comprehensive income not to be reclassified to profit			, , ,		, , , ,
or loss in subsequent periods					
Actuarial gain - net of income tax		2,675,081	5,972,653	2,521,938	6,469,055
Other comprehensive income not to be reclassified to profit					
		2.675.004	E 072 CE2	2 524 020	C 460 0FF
or loss in subsequent periods - net of income tax		2,675,081	5,972,653	2,521,938	6,469,055
Other comprehensive income for the year		4,422,376	(7,625,968)	4,269,233	(7,840,756)
Total comprehensive income for the year		(372,219,291)	(362,883,729)	(524,630,600)	(189,370,332)
Loss per share	26				
Basic loss per share					
Net loss for the year		(0.63)	(0.59)	(0.88)	(0.30)

(Unit: Baht)

Khonburi Sugar Public Company Limited and its subsidiaries

For the year ended 31 December 2017

				Consolidated fina	Consolidated financial statements			
					0	Other components of equity	uity	
					Other compre	Other comprehensive income		
					Unrealised			
	Issued and		Retained	Retained earnings	gains (losses) on	Surplus on business	Total other	Total
	fully paid up		Appropriated -		derivative financial	combination under	components of	shareholders'
	share capital	Share premium	statutory reserve	Unappropriated	instruments	common control	shareholders' equity	ednity
Balance as at 1 January 2016	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
Loss for the year	•	1	1	(355,257,761)	ı	1		(355,257,761)
Other comprehensive income for the year	1	1	1	5,972,653	(13,598,621)	1	(13,598,621)	(7,625,968)
Total comprehensive income for the year		1		(349,285,108)	(13,598,621)	1	(13,598,621)	(362,883,729)
Dividends paid (Note 29)	•	•	1	(60,000,000)	ı	•	ı	(60,000,000)
Balance as at 31 December 2016	000,000,000	2,230,175,000	60,000,000	663,190,358	(1,728,857)	(3,684,880)	(5,413,737)	3,547,951,621
Balance as at 1 January 2017	000,000,000	2,230,175,000	000'000'09	663,190,358	(1,728,857)	(3,684,880)	(5,413,737)	3,547,951,621
Loss for the year	1	1	1	(376,641,667)	1	1	1	(376,641,667)
Other comprehensive income for the year	•	1	1	2,675,081	1,747,295	1	1,747,295	4,422,376
Total comprehensive income for the year		1	1	(373,966,586)	1,747,295	1	1,747,295	(372,219,291)
Dividends paid (Note 29)	•	1	1	(29,999,980)	ı	1	1	(29,999,980)
Balance as at 31 December 2017	000,000,000	2,230,175,000	60,000,000	259,223,792	18,438	(3,684,880)	(3,666,442)	3,145,732,350
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Statements of changes in shareholders' equity

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Khonburi Sugar Public Company Limited and its subsidiaries Statements of changes in shareholders' equity (continued)
For the year ended 31 December 2017

(Unit: Baht)

			Sep	Separate financial statements	nents		
					Other components of equity	ents of equity	
					Other comprehensive		
					income		
					Unrealised	Total other	
	Issued and		Retained	Retained earnings	gains (losses) on	components	Total
	fully paid up		Appropriated -		derivative financial	of shareholders'	shareholders'
	share capital	Share premium	statutory reserve	Unappropriated	instruments	equity	equity
Balance as at 1 January 2016	600,000,000	2,230,175,000	60,000,000	1,042,769,832	12,580,954	12,580,954	3,945,525,786
Loss for the year	•	1	•	(181,529,576)	ı	•	(181,529,576)
Other comprehensive income for the year	•	1	•	6,469,055	(14,309,811)	(14,309,811)	(7,840,756)
Total comprehensive income for the year	1	1	'	(175,060,521)	(14,309,811)	(14,309,811)	(189,370,332)
Dividends paid (Note 29)	1	1	1	(60,000,000)	•		(60,000,000)
Balance as at 31 December 2016	000,000,000	2,230,175,000	60,000,000	807,709,311	(1,728,857)	(1,728,857)	3,696,155,454
Balance as at 1 January 2017	600,000,000	2,230,175,000	60,000,000	807,709,311	(1,728,857)	(1,728,857)	3,696,155,454
Loss for the year	•	1	•	(528,899,833)	•	•	(528,899,833)
Other comprehensive income for the year	•	1	•	2,521,938	1,747,295	1,747,295	4,269,233
Total comprehensive income for the year	1	1	1	(526,377,895)	1,747,295	1,747,295	(524,630,600)
Dividends paid (Note 29)	1	1	1	(29,999,980)	•		(29,999,980)
Balance as at 31 December 2017	600,000,000	2,230,175,000	60,000,000	251,331,436	18,438	18,438	3,141,524,874
	1	1	•	0		•	0
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The accompanying notes are an integral part of the financial statements.

Khonburi Sugar Public Company Limited and its subsidiaries Cash flows statements

For the year ended 31 December 2017

Cash flows from operating activities Cash (30 ms) 2017 ms 2017 ms 2017 ms 2018 ms					(Unit: Baht)
Cash flows from operating activities Cash flows from operating activities Cash flows from come tax Cash flows from concile loss before tax to not cash provided by (paid from) operating activities: Cash flows from concile loss before tax to not cash provided by (paid from) operating activities: Cash flows flow flows flow flows fl		Consolidated finan	icial statements	Separate financ	ial statements
Case before income tax Case Cas		2017	2016	2017	2016
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities: Depreciation and amortisation 604,657,062 6526,095,272 621,267,706 640,342,672 Write-off of equipment from accident 1.830,164 64,711,085) 685,413,623 64,711,085) Write-off of equipment for accident 1.830,164 64,711,085) 685,339 64,711,085) Write-off of asset to expense 1,600,000 7 64,711,085) Write-off of asset to expense 1,600,000 830,393,636 10,043,393 80,939,636 10,040,3731 885,289 842,760 843,289 843,289 844,270 843,289 844,270 844,27	Cash flows from operating activities				
Depreciation and amortisation 604,657,062 526,095,272 \$21,267,706 460,342,672 Write-off of equipment from accident - 85,413,623 - -	Loss before income tax	(339,715,730)	(422,906,046)	(516,555,492)	(229,273,647)
Depreciation and amortisation 604,657,062 526,095,272 521,267,706 460,342,672 Write-off of equipment from accident - 85,413,623	Adjustments to reconcile loss before tax to net cash				
Write-off of equipment from accident 8,5413,623 - - Loss (gain) on disposal of equipment 1,830,164 (4,711,085) 685,339 (4,711,085) Write-off of sase to expense 1,600,000 - - - - Write-off of bad debts 98,241 1,006,748 98,241 946,610 Allowance for doubtful accounts 30,339,636 10,343,593 30,393,636 10,403,731 Reduction of inventory to net realisable value 365,269 42,760 365,269 42,760 Write-off of witholding tax 1,520,935 - 37,300 - Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,186 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 1,829,911 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,211) 1,829,911 Unrealised loss (gain) on change in value of derivatives	provided by (paid from) operating activities:				
Coss (gain) on disposal of equipment 1,830,164 (4,711,085) 685,339 (4,711,085) Write-off of basset to expense 1,600,000 1,000,748 98,241 1,000,748 98,241 946,610 98,241 1,000,748 98,241 3,093,9636 10,343,593 30,939,636 10,343,593 30,939,636 10,403,731 74,000,748 74,760	Depreciation and amortisation	604,657,062	526,095,272	521,267,706	460,342,672
Write-off of asset to expense 1,600,000	Write-off of equipment from accident	-	85,413,623	-	-
Write-off of bad debts 98,241 1,006,748 98,241 946,610 Allowance for doubtful accounts 30,939,636 10,343,593 30,939,636 10,403,731 Reduction of inventory to net realisable value 365,269 42,760 365,269 42,760 Write-off of witholding tax 1,520,935 - 37,300 - 5,62,186 Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,186 Unrealised loss (gain) on change in value of derivatives 3,501,246 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,984,132 Profit from operating activities before changes 191,358,070 187,154,464 89,538,176 315,439,777 Operating assets (increase) decrease	Loss (gain) on disposal of equipment	1,830,164	(4,711,085)	685,339	(4,711,085)
Allowance for doubtful accounts 30,939,636 10,343,593 30,939,636 10,407,71 Reduction of inventory to net realisable value 365,269 42,760 365,269 42,760 Write-off of witholding tax 1,520,335 - 37,300 - Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,186 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,800) (80,996,622) (93,979,000) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 200,560,292 (474,337,399) 682,746,589<	Write-off of asset to expense	1,600,000	-	-	-
Reduction of inventory to net realisable value 365,269 42,760 365,269 42,760 Write-off of witholding tax 1,520,935 - 37,300 - Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,188 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets (increase) decrease 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (11,119,924 61,611,047 18,715,292	Write-off of bad debts	98,241	1,006,748	98,241	946,610
Write-off of witholding tax 1,520,935 - 37,300 - Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,186 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes 191,358,070 187,154,464 89,538,176 315,439,777 Operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Unrealized from the Office of t	Allowance for doubtful accounts	30,939,636	10,343,593	30,939,636	10,403,731
Long-term employee benefits expenses 5,001,625 6,560,634 4,390,914 5,862,186 Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease 280,560,292 (474,337,399) 662,746,580 (523,870,031) Sugar cane plantation receivables 280,560,292 (474,337,399) 662,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets	Reduction of inventory to net realisable value	365,269	42,760	365,269	42,760
Unrealised loss (gain) on change in value of derivatives (3,501,246) 3,128,628 (3,764,421) 3,128,628 Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,850) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) 74,401,490 (207,044,313) (40,741,391)	Write-off of witholding tax	1,520,935	-	37,300	-
Unrealised loss (gain) on exchange rate 188,931 (273,850) 188,931 (273,860) Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 - 169,774,810 Other current liabilities increase (decrease) 31,416,709 </td <td>Long-term employee benefits expenses</td> <td>5,001,625</td> <td>6,560,634</td> <td>4,390,914</td> <td>5,862,186</td>	Long-term employee benefits expenses	5,001,625	6,560,634	4,390,914	5,862,186
Dividend income (262,455) (262,455) (20,262,440) (8,262,449) Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane	Unrealised loss (gain) on change in value of derivatives	(3,501,246)	3,128,628	(3,764,421)	3,128,628
Interest income (72,316,660) (60,996,622) (93,979,100) (78,729,911) Interest expenses 191,358,070 187,164,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 (Inventories (11,130,698) (35,444,441) (53,554,051) (45,023,882) Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund (10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,94	Unrealised loss (gain) on exchange rate	188,931	(273,850)	188,931	(273,850)
Interest expenses 191,358,070 187,154,464 166,126,293 155,964,132 Profit from operating activities before changes in operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash paid for income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Other current income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400) Cash paid for income tax (10,146,764)	Dividend income	(262,455)	(262,455)	(20,262,440)	(8,262,449)
Profit from operating activities before changes In operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777	Interest income	(72,316,660)	(60,996,622)	(93,979,100)	(78,729,911)
In operating assets and liabilities 421,763,842 330,595,664 89,538,176 315,439,777 Operating assets (increase) decrease 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,885,396) (4,531,500)	Interest expenses	191,358,070	187,154,464	166,126,293	155,964,132
Operating assets (increase) decrease Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash receipt from income ref	Profit from operating activities before changes				
Trade and other receivables 280,560,292 (474,337,399) 682,746,580 (523,870,031) Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash receipt from income refunded 22,305,218 2,296,225 21,550,	in operating assets and liabilities	421,763,842	330,595,664	89,538,176	315,439,777
Sugar cane plantation receivables (207,044,313) 74,401,490 (207,044,313) 74,401,490 Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash paid for income tax (10,146,764) (4,161,077) (4,525,	Operating assets (increase) decrease				
Inventories 51,119,924 61,611,047 18,715,292 62,946,636 Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Trade and other receivables	280,560,292	(474,337,399)	682,746,580	(523,870,031)
Other current assets (11,130,698) (35,444,441) (53,554,051) (45,023,882) Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Sugar cane plantation receivables	(207,044,313)	74,401,490	(207,044,313)	74,401,490
Amounts due from the Office of the Cane and Sugar Fund - 169,774,810 - 169,774,810 - 169,774,810 Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables Amounts due to the Office of the Cane and Sugar Fund (9,506,373) Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash paid for income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Inventories	51,119,924	61,611,047	18,715,292	62,946,636
Other non-current assets 10,446,429 (40,784,989) 10,475,088 (40,778,989) Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Other current assets	(11,130,698)	(35,444,441)	(53,554,051)	(45,023,882)
Operating liabilities increase (decrease) Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Amounts due from the Office of the Cane and Sugar Fund	-	169,774,810	-	169,774,810
Trade and other payables 31,416,709 200,929,585 (137,343,473) 142,239,700 Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Other non-current assets	10,446,429	(40,784,989)	10,475,088	(40,778,989)
Amounts due to the Office of the Cane and Sugar Fund (9,506,373) 41,949,450 (9,506,373) 41,949,450 Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Operating liabilities increase (decrease)				
Other current liabilities 9,215,562 17,050,974 11,862,187 6,200,798 Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Trade and other payables	31,416,709	200,929,585	(137,343,473)	142,239,700
Cash paid for long-term employee benefits (1,685,396) (4,531,500) (1,116,800) (4,180,100) Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Amounts due to the Office of the Cane and Sugar Fund	(9,506,373)	41,949,450	(9,506,373)	41,949,450
Cash flows from operating activities 575,155,978 341,214,691 404,772,313 199,099,659 Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Other current liabilities	9,215,562	17,050,974	11,862,187	6,200,798
Cash receipt from income refunded 22,305,218 2,296,225 21,550,944 1,806,827 Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Cash paid for long-term employee benefits	(1,685,396)	(4,531,500)	(1,116,800)	(4,180,100)
Cash paid for income tax (10,146,764) (4,161,077) (4,525,809) (1,387,400)	Cash flows from operating activities	575,155,978	341,214,691	404,772,313	199,099,659
	Cash receipt from income refunded	22,305,218	2,296,225	21,550,944	1,806,827
Net cash flows from operating activities 587,314,432 339,349,839 421,797,448 199,519,086	Cash paid for income tax	(10,146,764)	(4,161,077)	(4,525,809)	(1,387,400)
	Net cash flows from operating activities	587,314,432	339,349,839	421,797,448	199,519,086

Khonburi Sugar Public Company Limited and its subsidiaries Cash flows statements (Continued)

For the year ended 31 December 2017

(Unit: Baht)
atements
2016

	Consolidated fina	ncial statements	Separate finance	ial statements
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in short-term loan to related parties	-	-	(33,800,000)	(120,700,000)
Increase in investment in subsidiary	-	-	(33,750,000)	(108,250,000)
Increase in other long-term investment	(1,000,000)	-	(1,000,000)	-
Cash paid for acquisitions of property, plant and equipment	(211,455,982)	(763,085,338)	(188,907,164)	(725,659,522)
Cash receipt from sales of equipment	3,150,280	52,251,577	3,150,280	52,251,577
Cash paid for acquisitions of intangible assets	(138,893)	(1,433,300)	(126,893)	(1,271,300)
Cash paid for advance payment for asset	(2,846,624)	(59,826,703)	(755,250)	(59,826,703)
Cash receipt from interest income	56,854,120	62,296,537	84,015,409	62,395,907
Cash receipt from dividend income	262,455	262,455	8,262,455	170,262,431
Net cash flows used in investing activities	(155,174,644)	(709,534,772)	(162,911,163)	(730,797,610)
Cash flows from financing activities				
Increase in short-term loans from banks	708,900,000	636,600,000	534,100,000	626,600,000
Increase (decrease) in short-term loans from related parties	(311,520,300)	311,520,300	(311,520,300)	316,520,300
Cash paid for liabilities under financial lease agreements	(27,210,453)	(14,708,462)	(26,624,831)	(14,149,970)
Cash receipt from long-term loans from banks	611,998,880	883,357,878	563,474,380	883,357,878
Repayment of long-term loans from banks	(1,087,000,000)	(1,152,000,000)	(847,000,000)	(992,000,000)
Cash paid for interest expenses	(191,175,404)	(190,037,504)	(166,004,469)	(158,827,207)
Dividends paid	(29,999,980)	(60,000,000)	(29,999,980)	(60,000,000)
Net cash flows from (used in) financing activities	(326,007,257)	414,732,212	(283,575,200)	601,501,001
Net increase (decrease) in cash and cash equivalents	106,132,531	44,547,279	(24,688,915)	70,222,477
Cash and cash equivalents at beginning of year	126,438,301	81,891,022	100,193,847	29,971,370
Cash and cash equivalents at end of year (Note 8)	232,570,832	126,438,301	75,504,932	100,193,847
Supplemental cash flows information	-		-	
Non-cash transactions				
Purchases of assets that have not yet been paid	140,350,296	121,445,063	38,839,454	56,031,925
Transferred of advance payment for asset to				
- Assets under constrution in progress	1,046,395	92,991,814	1,046,395	92,991,814
- Land	2,091,374	-	-	-
Purchase of equipment through financial lease agreements	6,147,510	77,163,075	6,147,510	77,163,075
Accrued dividend	-	-	19,999,985	8,000,000
Capitalised interest to construction in progress	-	2,478,975	-	2,478,975
Transfer construction in progress to inventory	-	800,000	-	800,000
Transfer construction in progress to other receivable	8,806,397	-	8,806,397	-
Transfer of asset in instruction to intangible assets	400,000	-	400,000	-
Transfer equipment from receive payment				
- Other receivables	43,914,996	-	43,914,996	-
- Sugar cane plantation receivable	1,375,000	-	1,375,000	-

Khonburi Sugar Public Company Limited and its subsidiaries Notes to financial statements For the year ended 31 December 2017

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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

		Country of	Percen	tage of
Company's name	Nature of business	incorporation	shareh	olding
			2017	2016
			(Percent)	(Percent)
Held by the Company				
Khonburi Power Plant Co., Ltd.	Manufacture and distribution of electricity	Thailand	100	100
KBS Trading Co., Ltd.	Trading of sugar, molasses and by products	Thailand	100	100

		Country of	Percen	tage of
Company's name	Nature of business	incorporation	incorporation shareho	reholding
			2017	2016
			(Percent)	(Percent)
Khonburi Bio Energy Co., Ltd.	Manufacture and distribution of ethanol	Thailand	100	100
KBS Investment Co., Ltd.	Holding company	Thailand	100	100
Held by subsidiaries				
KBS Cane and Sugar Co., Ltd. (100% held by KBS Investment Co., Ltd.)	Manufacture and distribution of sugar	Thailand	100	100
KBS Power Co., Ltd. (100% held by KBS Investment Co., Ltd.)	Manufacture and distribution of electricity	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control cases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant 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 recognised 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.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

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

Dividends income

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 and other receivables

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

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 raw material cost, labour cost and attributable factory overheads.

Raw materials, chemicals, spare parts, factory supplies, and other supplies are valued at the lower of weighted 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 is 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 impairment loss (if any).
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

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

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	4 - 50	years
Equipment	3 - 10	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 construction.

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

4.7 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 initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible 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.

A summary of the intangible assets with finite useful live is as follows:

ι	Jse	ful	live	S

Computer software	5	years
Right to use the transmission facilities	25	vears

4.9 Related party transactions

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

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

4.10 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 assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of 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. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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. Such reversal is recognised in profit or loss.

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's 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 labour 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.

4.14 Provisions

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

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 exchange contracts and commodity swaps to manage its 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 remeasurment 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 exchange 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 buyer and 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 categorises of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an 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 sugar cane plantation receivables

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

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.

Property plant and equipment/Depreciation

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

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

Intangible assets

The initial recognition and measurement of 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 at the end of reporting report between the tax bases of assets or liabilities and their account amount 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 Corporation Limited	Common shareholders/Common directors
World Sugar Export 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.

(Unit: Thousand	Baht)
-----------------	-------

	Consol	idated	Sepa	ırate	
	financial st	atements	financial statements		Transfer Pricing Policy
	2017	2016	2017	2016	
Transactions with subsidiaries:					
(Eliminated from consolidated fina	ncial stateme	nts)			
Sale income	-	-	161,872	648,325	Cost plus margin
Service income	-	-	314	468	Cost plus margin
Interest income	-	-	21,879	17,866	2.37 - 7.50 per annum (2016:
					4.975 - 7.50 per annum)
Dividend income	-	-	20,000	8,000	As declared
Other income	-	-	741	531	Cost plus margin
Bagasse income	-	-	268,451	247,246	Contract price
Rental income	-	-	38,816	37,882	Contract price
Management income	-	-	10,425	2,950	Contract price
Sale of fixed assets	-	-	1,776	-	Cost plus margin
Purchase of Molasses	-	-	14,561	-	Contract price
Purchase of fixed assets	-	-	-	24,474	Cost plus margin
Electricity charges	-	-	206,303	218,882	Contract price (based on
					EGAT price)
Steam charges	-	-	179,322	190,057	Cost plus margin
Purchase of supplies	-	-	629	-	Cost plus margin
Maintenance compensation	-	-	101,745	48,046	Cost plus margin
Bagasse compensation	-	-	85,920	38,939	Based on the difference
					between market purchase
					price and agreement price
Interest expense	-	-	935	902	1.10% per annum (2016:
					1.10% per annum)
Transactions with related compani	es:				
Sale income	518,893	500,781	518,893	500,781	Contract price
Dividend income	262	262	262	262	As declared
Other income	1,965	4,315	1,965	4,315	Cost plus margin
Purchase of raw sugar	267,795	353,747	267,795	353,747	Contract price
Purchase of molasses	52,177	-	-	-	Contract price
Rental expenses	12,495	12,225	12,495	12,225	Contract price and
					comparable price charged
					to other customers
Service charges and utilities	2,333	2,170	2,333	2,170	Contract price
Export service expenses	10,454	10,535	10,454	10,535	Contract price
Interest expenses	25,912	23,452	25,912	23,452	2.15% per annum (2016:
					2.15% - 2.55% per annum)

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated		Separate	
	financial s	tatements	financial sta	atements
	2017	2016	2017	2016
<u>Trade receivables - related parties</u> (Note 9)				
Subsidiary companies (eliminated from				
consolidated financial statements)	-	-	5,039	13,100
Related companies	9,769	54,556	9,769	54,556
Total trade receivables - related parties	9,769	54,556	14,808	67,656
Interest receivable - related party (Note 9)				
Subsidiary company (eliminated from				
consolidated financial statements)			14,849	20,348
Other receivables - related parties (Note 9)				
Subsidiary companies (eliminated from				
consolidated financial statements)	-		76,285	440,790
<u>Dividend receivables - related party</u> (Note 9)				
Subsidiary company (eliminated from				
consolidated financial statements)	-		20,000	8,000
Other non-current assets (Rental deposit)				
Related company	2,791	2,791	2,791	2,791
<u>Trade payable - related parties</u> (Note 18)				
Subsidiary companies (eliminated from				
consolidated financial statements)	-	-	92,513	236,906
Related companies	6,262		-	-
Total trade payable - related parties	6,262		92,513	236,906
Accrued expense - related party (Note 18)				
Related company	57	9,815	57	9,815
Accrued interest expenses - related party (Note 18)				
Related companies	-	92	-	92
Other payables - related parties (Note 18)				
Related company*	28,119		28,119	-

^{*} The Thai Sugar Trading Corporation Limited, Kasetphol Sugar Co., Ltd. and Khumphawapi Sugar Co., Ltd.

Loans to and loans from related parties

As at 31 December 2017 and 2016, the balances of loans between the Company and those related companies and the movement are as follows:

(Unit:	Thousand	Baht)

		Consolidated financial statements				
	Balance as at	Increase	Decrease	Balance as at		
	31 December 2016	during the year	during the year	31 December 2017		
Short-term loans from related p	arty					
Related company*	311,520	2,186,548	(2,498,068)	-		
				(Unit: Thousand Baht)		
		Sanarata finan	cial statements			
		Oeparate iiiaii	ciai statements			
	Balance as at	Increase	Decrease	Balance as at		
	Balance as at 31 December 2016	•		Balance as at 31 December 2017		
Short-term loans to related part	31 December 2016	Increase	Decrease			
Short-term loans to related part Subsidiary companies	31 December 2016	Increase	Decrease			
•	31 December 2016 ies 482,200	Increase during the year	Decrease during the year	31 December 2017		
Subsidiary companies	31 December 2016 ies 482,200	Increase during the year	Decrease during the year	31 December 2017		
Subsidiary companies Short-term loans from related p	31 December 2016 ies 482,200 arties	Increase during the year	Decrease during the year	31 December 2017 516,000		

^{*} The Company has appointed two related companies (2016: one related company) as its representative to enter into an export distributions agreement and short-term loan agreements with a bank, with power of attorney. The Company agrees to accept liability for any losses.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

	Consolidated		Separate	
	financial statements		inancial statements financial statement	
	2017	2016	2017	2016
Short-term employee benefits	46,336	54,795	44,072	51,953
Post-employment benefits	858	993	729	768
Total	47,194	55,788	44,801	52,721

Cash and cash equivalents 8.

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements financial staten		tatements
	2017	2016	2017	2016	
Cash	1,210	693	1,005	498	
Bank deposits	231,361	125,745	74,500	99,696	
Total	232,571	126,438	75,505	100,194	

As at 31 December 2017, bank deposits in savings accounts carried interests between 0.05 and 0.75 percent per annum (2016: 0.05 and 0.75 percent per annum).

9. Trade and other receivables

	Consolidated financial statements		Separate	
			financial sta	atements
	2017	2016	2017	2016
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	9,769	51,381	14,808	57,052
Past due				
Up to 3 months	-	3,175		10,604
Total trade receivables - related parties	9,769	54,556	14,808	67,656
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	318,946	486,714	194,153	370,094
Past due				
Up to 3 months	16,927	26,573	11,070	25,888
3 - 6 months	-	3,709	<u> </u>	
Total trade receivables - unrelated				
parties	335,873	516,996	205,223	395,982
Total trade receivables	345,642	571,552	220,031	463,638

(Unit: Thousand Baht)

	Consolidated		Separate	
_	financial statements		financial st	atements
_	2017	2016	2017	2016
Other receivables				
Advances	4,195	65,752	4,193	65,613
Unearned revenue	5,379	-	5,379	-
Interest receivable - related party	-	-	14,849	20,348
Other receivables - related parties	-	-	76,285	440,790
Other receivables - unrelated parties	32,363	61,477	21,806	35,739
Dividend receivable - related party	-	-	20,000	8,000
Sugar advances	-	8,361	-	8,361
Molasses advances	293,510	258,207	-	
Total other receivables	335,447	393,797	142,512	578,851
Allowance for doubtful debts	(2,009)	(1,263)	(2,009)	(1,263)
Total other receivables - net	333,438	392,534	140,503	577,588
Total trade and other receivables - net	679,080	964,086	360,534	1,041,226

10. Sugar cane plantation receivables

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

(Unit: Thousand Baht)

Consolidated financial statements/

	Separate financial statements		
	2017	2016	
Sugar cane plantation receivables aged on the basis			
of due dates			
2017/2018 harvesting year	784,217	-	
2016/2017 harvesting year	69,154	624,054	
2015/2016 harvesting year	41,486	79,741	
2014/2015 harvesting year	21,231	42,932	
2013/2014 harvesting year	9,843	11,557	
Before 2013/2014 harvesting year	42,589	47,444	
Total current portion of sugar cane plantation receivables	968,520	805,728	
Less: Allowance for doubtful debts	(101,171)	(70,977)	
Current portion of sugar cane plantation receivables - net	867,349	734,751	
Sugar cane plantation receivable - long-term portion	320,988	262,746	
Sugar cane plantation receivable - net	1,188,337	997,497	

Sugar cane plantation receivables represent support provided for planters 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 planters have provided land and motor vehicles as collateral.

11. Inventories

(Unit: Thousand Baht)

		(Consolidated finan	cial statements		
			Reduce cos	st to net		
	Со	st	realisable	value	Inventor	ies - net
	2017	2016	2017	2016	2017	2016
Finished goods	860,883	886,411	-	-	860,883	886,411
Work in process	16,511	56,239	-	-	16,511	56,239
Raw materials	12,703	45,128	-	-	12,703	45,128
Chemicals, spare parts,						
factory supplies and other						
supplies	134,108	96,458	(767)	(402)	133,341	96,056
By products (Molasses)	19,940	11,029		-	19,940	11,029
Total	1,044,145	1,095,265	(767)	(402)	1,043,378	1,094,863

(Unit: Thousand Baht)

			Separate financia	al statements		
			Reduce cos	st to net		
	Со	st	realisable	value	Inventor	ies - net
	2017	2016	2017	2016	2017	2016
Finished goods	860,462	884,610	-	-	860,462	884,610
Work in process	16,511	56,239	-	-	16,511	56,239
Chemicals, spare parts,						
factory supplies and other						
supplies	109,445	73,195	(767)	(402)	108,678	72,793
By products (Molasses)	19,940	11,029			19,940	11,029
Total	1,006,358	1,025,073	(767)	(402)	1,005,591	1,024,671

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 0.37 million (2016: Baht 0.04 million) (the Company only: Baht 0.37 million 2016: Baht 0.04 million), to reflect the net realisable value. This was included in cost of sales.

As at 31 December 2017, the Company had no finished goods (2016: Baht 312 million) to secure short-term loans from bank through its representative as mentioned in Note 7.

12. Other current assets

(Unit: Thousand Baht)

	Consoli	dated	Separa	ate
	financial sta	atements	financial sta	tements
	2017	2016	2017	2016
Value added tax refundable	222,524	191,270	210,140	139,390
Income tax refundable	6,468	27,875	5,913	22,976
Prepaid expenses	39,220	47,922	33,448	41,423
Others	16,069	24,841	10,638	19,858
Total other current assets	284,281	291,908	260,139	223,647

13. Investment in subsidiaries

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

(Unit: Thousand Baht)

			Shareho	olding			Dividend r	eceived
Company's name	Paid-up	capital	percen	tage	Co	st	during th	e year
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
Khonburi Power Plant Co., Ltd.	500,000	500,000	100	100	500,000	500,000	-	-
KBS Trading Co.,Ltd.	40,000	40,000	100	100	40,000	40,000	20,000	8,000
Khonburi Bio Energy Co., Ltd.	115,250	115,250	100	100	115,250	115,250	-	-
KBS Investment Co., Ltd.	43,750	10,000	100	100	43,750	10,000		
Total investments in subsidiaries					699,000	665,250	20,000	8,000

On 8 August 2017, the meeting of the Company's Board of Directors No. 3/2017 approved a resolution to increase registered share capital of KBS Investment Co., Ltd. (Subsidiary) from Baht 10 million (1,000,000 ordinary shares at a par value of Baht 10 each) to Baht 145 million (14,500,000 ordinary shares at a par value of Baht 10 each) through the issuance of new ordinary shares by 13.5 million shares at a par value of Baht 10 each, to be reserved for the existing shareholders. The Company subscribed for all of its shares and made payment for 25% of share subscription in September 2017. The subsidiary registered the increase in its registered share capital with the Ministry of Commerce on 7 September 2017.

On 4 September 2017, the meeting of the subsidiary company's Board of Directors (KBS Power Co., Ltd., (Held by subsidiary)) No. 1/2017 approved a resolution to increase registered share capital from Baht 5 million (500,000 ordinary shares at a par value of Baht 10 each) to Baht 140 million (14,000,000 ordinary shares at a per value of Baht 10 each) through the issuance of new ordinary shares by 13.5 million shares at a par value of Baht 10 each, to be reserved for the existing shareholders. KBS Investment Co., Ltd. (Subsidiary company) subscribed all of its shares and made payment for 25% of share subscription in September 2017. The subsidiary registered the increase in its registered share capital with the Ministry of Commerce on 7 September 2017.

On 15 December 2017, the meeting of the subsidiary company's Board of Directors (KBS Trading Co., Ltd. (Held by subsidiary)) No. 2/2017 approved interim dividend payment of 4,000,000 ordinary shares at Baht 5 each, or Baht 20 million which the dividends will be paid to shareholders in March 2018, and approved additional appropriated statutory reserve of Baht 1.25 million.

14. Other long-term investments

			(Unit: Thou	sand Baht)
	Consolidate	d financial		
	statements/	Separate	Dividend re	eceived
	financial sta	atements	during the	e year
	2017	2016	2017	2016
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	-	-
World Sugar Export Co., Ltd.	1,000			
Total other long-term investments	2,995	1,995	262	262

On 19 December 2016, the Board of Directors' Meeting No. 12/2016 of the Company passed a resolution to invest 10,000 shares with a par value of Baht 100 each in World Sugar Export Co., Ltd. This company is engaged in commercial freight transportation, imports and exports.

The Company's shares in this company were 25% paid up or amounting to Baht 0.25 million on 19 January 2017 and 75% paid up or amounting to Baht 0.75 million on 19 May 2017.

(Unit: Thousand Baht)

Property, plant and equipment 15.

				Consc	Consolidated financial statements	nents			
					Furniture, fixtures		Facilities system		
	Land and land	Buildings and			and		and water	Assets under	
	improvement	premises	Machinery	Equipment	office equipment	Motor vehicles	treatment system	construction	Total
Cost									
As at 31 December 2015	215,296	1,509,135	6,052,797	237,690	121,290	285,752	528,777	282,259	9,232,996
Additions	7,591	10,576	31,682	14,584	8,924	107,295	12,000	710,307	902,959
Disposals/write-off				(1,058)	(357)	(53,706)		(1,618)	(56,739)
Transfers in (out)	•	12,452	393,196	2,935	383	•	(16,795)	(392,971)	(800)
Capitalised interest	•			•	•	•		2,479	2,479
Write-off due to accident	•	•	(89,523)	•	•	•			(89,523)
Adjustment	•	•		(8,000)	•	(131,000)			(139,000)
As at 31 December 2016	222,887	1,532,163	6,388,152	246,151	130,240	208,341	523,982	600,456	9,852,372
Additions	12,399	2,652	73,749	5,879	8,174	16,273	3,285	111,218	233,629
Disposals	(240)		(16,848)	(2,847)	(446)	(271)			(20,652)
Amount received from account receivables				230	•	45,060			45,290
Transfers in (out)	148	98,245	403,917	520	905	1,106	60,350	(574,395)	(9,207)
As at 31 December 2017	235,194	1,633,060	6,848,970	249,933	138,870	270,509	587,617	137,279	10,101,432
Accumulated depreciation									
As at 31 December 2015	16,673	519,017	1,449,467	169,118	93,370	188,675	207,300		2,643,620
Depreciation for the year	20	57,698	355,062	24,011	12,236	30,115	37,871		517,063
Depreciation on disposals/write-off	•			(921)	(358)	(6,303)	•		(7,582)
Write-off due to accident	•	•	(4,109)	•	•	•	•		(4,109)
Adjustment		•	1	(8,000)	•	(131,000)	•	1	(139,000)
As at 31 December 2016	16,743	576,715	1,800,420	184,208	105,248	81,487	245,171		3,009,992
Depreciation for the year	143	63,319	427,734	21,484	11,626	32,536	38,939		595,781
Depreciation on disposals	•	•	(15,128)	(1,556)	(491)	(271)	•		(17,446)
As at 31 December 2017	16,886	640,034	2,213,026	204,136	116,383	113,752	284,110	,	3,588,327
Net book value									
As at 31 December 2016	206,144	955,448	4,587,732	61,943	24,992	126,854	278,811	600,456	6,842,380
As at 31 December 2017	218,308	993,026	4,635,944	45,796	22,487	156,757	303,508	137,279	6,513,105

Depreciation for the year 2016 (Baht 486 million included in manufacturing cost, and the remaining balance in administrative expenses) 2017 (Baht 580 million included in manufacturing cost, and the remaining balance in administrative expenses)

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				Sep	Separate financial statements	ints			
					Furniture, fixtures		Facilities system		
	Land and land	Buildings and			and		and water	Assets under	
	improvement	premises	Machinery	Equipment	office equipment	Motor vehicles	treatment system	construction	Total
Cost									
As at 31 December 2015	212,727	1,403,375	4,490,621	203,069	113,302	165,555	483,933	287,571	7,360,153
Additions	7,590	9,271	25,807	14,318	8,669	107,295	12,001	612,014	796,965
Disposals/write-off	•		•	(1,058)	(357)	(53,706)			(55,121)
Transfers in (out)	•	11,511	304,443	2,935	383	•	12,205	(332,277)	(800)
Capitalised interest	•	•			•	•	•	2,479	2,479
As at 31 December 2016	220,317	1,424,157	4,820,871	219,264	121,997	219,144	508,139	569,787	8,103,676
Additions	1,638	2,432	73,569	5,597	6,586	16,273	335	69,837	176,267
Disposals	(240)		(16,848)	(2,847)	(446)	(2,816)			(23,197)
Amount received from account receivables	•		•	230	•	45,060	•		45,290
Transfers in (out)	148	98,245	401,417	520	615	1,106	60,350	(571,608)	(9,207)
As at 31 December 2017	221,863	1,524,834	5,279,009	222,764	128,752	278,767	568,824	68,016	8,292,829
Accumulated depreciation									
As at 31 December 2015	16,673	515,265	1,377,841	156,797	986,936	65,290	206,775		2,428,577
Depreciation for the year	02	53,920	304,187	19,058	10,138	33,001	37,368	•	457,742
Depreciation on disposals/write-off	•	1	,	(921)	(357)	(6,303)	•		(7,581)
As at 31 December 2016	16,743	569,185	1,682,028	174,934	99,717	91,988	244,143		2,878,738
Depreciation for the year	143	59,504	360,110	17,020	9,402	34,139	38,397		518,715
Depreciation on disposals	•	1	(15,128)	(1,556)	(491)	(2,186)	•		(19,361)
As at 31 December 2017	16,886	628,689	2,027,010	190,398	108,628	123,941	282,540		3,378,092
Net book value									
As at 31 December 2016	203,574	854,972	3,138,843	44,330	22,280	127,156	263,996	569,787	5,224,938
As at 31 December 2017	204,977	896,145	3,251,999	32,366	20,124	154,826	286,284	68,016	4,914,737

Depreciation for the year
2016 (Baht 424 million included in manufacturing cost, and the remaining balance in administrative expenses)
2017 (Baht 500 million included in manufacturing cost, and the remaining balance in administrative expenses)

457,742 518,715 In 2016, there was an accidental breakdown of the main steam pipe of a subsidiary (Khonburi Power Plant Co., Ltd.). The subsidiary completed the repair work of damaged assets resulting from the accident as mentioned in Note 30.5. As a result of the accident, the subsidiary had to write-off certain damaged assets. The repair work incurred expenses as detailed below.

(Unit:	Thousand	Raht)
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Write-off of damaged assets	85,414
Repair work expenses	49,735
Total damages as a result of accident	135,149

However, the subsidiary has insurance coverage for the damaged assets and for Business Interruption in the event of business loss. The sum insured is as follows:

-	Sum insured for machinery damage	1,280	Million Baht

Sum insured for Business Interruption 300 Million Baht

The subsidiary has notified the insurance company to inspect details and assess the compensation. The subsidiary fully received the compensation during the years ended 31 December 2017 and 2016 as follows:

(Unit: Thousand Baht)

	2017	2016
Compensation for machinery damage	60,507	25,000
Compensation for business interruption	105,100	
Total	165,607	25,000

In 2017, one of other receivables notified of its intention to cancel the sell and to purchase cane harvester agreement whereby it would return 5 cane harvesters to the Company. The Company agreed to cancel the agreement by recognising the settlement of other receivable and recorded the assets of Baht 43.92 million for the returned cane harvesters.

Borrowing costs were not capitalised during the year ended 31 December 2017 (2016: Baht 2.48 million).

As at 31 December 2017, the vehicles of the Company and its subsidiaries, with the net book value amounting to Baht 102 million (2016: Baht 68 million), are assets under finance lease agreements (The Company only: Baht 101 million, 2016: Baht 66 million).

As at 31 December 2017, the Company and its subsidiaries have certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,004 million (2016: Baht 803 million) (The Company only: Baht 1,003 million, 2016: Baht 803 million).

The Company and its subsidiaries have pledged most assets as collateral against credit facilities and loans received from banks (all types of liabilities) as mentioned in Note 17 and Note 20.

16. Intangible assets

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

				(Unit: Thousand Baht)			
_	Consolid	dated financial sta	Separate financial statements				
		Right to use					
		the					
	Computer	transmission		Computer			
_	software	facilities	Total	software	Total		
As at 31 December 2017							
Cost	35,551	146,389	181,940	32,518	32,518		
<u>Less</u> Accumulated							
amortisation	(32,416)	(17,844)	(50,260)	(29,929)	(29,928)		
Net book value	3,135	128,545	131,680	2,589	2,590		

			(Unit: Thousand Baht)		
_	Consolid	dated financial stat	Separate financial statements		
		Right to use			
		the			
	Computer	transmission		Computer	
_	software	facilities	Total	software	Total
As at 31 December 2016					
Cost	35,012	146,389	181,401	31,991	31,991
Less Accumulated					
amortisation	(29,392)	(11,992)	(41,384)	(27,377)	(27,377)
Net book value	5,620	134,397	140,017	4,614	4,614

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

			(Unit: Thousand Baht)		
	Consolidated financial statements		Separate financial statements		
	2017	2016	2017	2016	
Net book value at beginning of year	140,017	147,615	4,614	5,943	
Acquisition of computer software	139	1,433	127	1,271	
Transfer in	400	-	400	-	
Amortisation	(8,876)	(9,031)	(2,552)	(2,600)	
Net book value at end of year	131,680	140,017	2,589	4,614	

17. Short-term loans from banks

(Unit: Thousand Baht)

			Consolidated financial statements		Separate financial statements	
	Interest rate					
	2017	2016	2017	2016	2017	2016
(% per annum) (% per annum)						
Promissory notes	2.1 - 5.6	2.1 - 5.6	2,548,200	1,839,300	2,333,400	1,799,300

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

18. Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Sugar cane payables	391,024	403,156	391,024	403,156
Trade payable - related parties	6,262	-	92,513	236,906
Trade payables - unrelated parties	255,401	229,673	146,005	171,441
Revenues received in advance	418,228	413,303	244,324	221,141
Accounts payable for purchasing fixed assets	140,350	121,445	38,839	56,032
Accrued expenses - related party	57	9,815	57	9,815
Accrued expenses - unrelated parties	35,133	32,872	30,962	23,823
Accrued interest expenses - related party	-	92	-	92
Accrued interest expenses - unrelated parties	1,253	991	1,054	841
Other payables - related parties	28,119	-	28,119	-
Other payables - unrelated parties	81,454	95,430	72,949	77,013
Total trade and other payables	1,357,281	1,306,777	1,045,846	1,200,260

Sugar cane payables

The Company purchased sugar cane for the 2017/2018 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board No. 11/2017 Dated 12 December 2017. This determined the initial price of sugar cane in the 2017/2018 harvesting year at Baht 880 per ton of sugar cane at a sweetness of 10 C.C.S with the price to be increased or decreased at Baht 52.80 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 2017/2018 harvesting year.

However, the management estimated that the final sugar cane prices was higher than the initial sugar cane prices, and thus the Company recorded sugar cane costs and planter payable for the 2017/2018 harvesting year based on the estimated cost. This was equal to Baht 890 per ton of sugar cane at a sweetness of 10 C.C.S., with the price to be increased or decreased at Baht 53.40 per ton for each 1 C.C.S variation.

The Company purchased sugar cane for the 2016/2017 harvesting year in accordance with the letter of the Office of the Cane and Sugar Board No. 1/2018 dated 26 January 2018, at Baht 1,079.71 per ton of sugar cane at the sweetness of 10 C.C.S with the price to be increased or decreased at Baht 64.78 per ton for each 1 C.C.S variation.

19. Liabilities under finance lease agreements

			(Unit: Thousand Baht	
	Consolidated		Separate	
_	financial sta	atements	financial statements	
_	2017	2016	2017	2016
Liabilities under finance lease agreements				
- Less than 1 year	31,703	31,417	30,984	30,774
- Over 1 year within 4 years	34,928	60,387	34,729	59,469
Total future minimum lease payments	66,631	91,804	65,713	90,243
Less: Deferred interest expenses				
- Less than 1 year	(2,847)	(4,622)	(2,818)	(4,565)
- Over 1 year within 4 years	(1,146)	(3,481)	(1,143)	(3,449)
Total deferred interest expenses	(3,993)	(8,103)	(3,961)	(8,014)
Present value of future minimum lease				
payments	62,638	83,701	61,752	82,229
Less: Portion due within one year	(28,856)	(26,794)	(28,166)	(26,209)
Liabilities under finance lease agreements				
- net of current portion	33,782	56,907	33,586	56,020

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

20. Long-term loans from banks

	Ü			Consoli	dated	(Unit: Separ	Thousand Baht) ate
Loan	Credit facilities	Interest rate	_	financial sta	atements	financial statements	
no.	(Million Baht)	(%)	Repayment schedule	2017	2016	2017	2016
1	1,150	AMLR - 2.95	12 semi-annual installments of Baht 40 - 140 million each, with the amount increased every year, starting from June	550,000	700.000		
2	2,230	MLR - 3.35	2014 12 semi-annual installments of Baht 186 million each, with the fixed amount every year, last installment Baht 184 million,	550,000	790,000	-	-
3	150	4.8	starting from June 2016 15 semi-annual installments of Baht 10 million each, with the fixed amount every year,	1,436,535	1,808,535	1,436,535	1,808,535
4	860	4.5	starting from December 2015 Repayment of all principals within	100,000	120,000	100,000	120,000
5	282	MLR - 3.35	30 April 2017 12 monthly installments of Baht 23.5 million each, with the fixed amount every year,	-	408,000	-	408,000
6	600	4.5	starting from June 2017 Repayment of all principals within	191,123	238,123	191,123	238,123
7	52	MLR - 2	30 April 2018 4 Semi-annual installment of 13 million each, with the fixed amount every year, starting	491,610	-	491,610	-
8	860	4.5	from 28 February 2018 Repayment of all principals within	48,525	-	74.964	-
T-4-'			30 April 2019	71,864	- 2004.050	71,864	
Total	Current parties			2,889,657	3,364,658	2,291,132	2,574,658
Less:	Current portion Classified as pay	able on demand		(1,226,610)	(1,087,000) (100,000)	(930,610)	(847,000) (100,000)
Long-t	erm loans from ba		ent nortion	1,663,047	2,177,658	1,360,522	1,627,658
Long-t	om loans nom be	anno - not or cum	ent portion	1,000,047	2,177,000	1,000,022	1,027,000

Movements in the long-term loans from banks account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	3,364,658	2,574,658
Add: Additions	611,999	563,474
Less: Repayments	(1,087,000)	(847,000)
Balance as at 31 December 2017	2,889,657	2,291,132

On 24 January 2017, the Company entered into a loan agreement with a local bank of Baht 600 million with an interest rate of 4.5% per annum. The objective is to fund the sugar cane plantation harvesting season 2017/2018. The loan is to be repaid in full within 30 April 2018.

On 13 November 2017, a subsidiary entered into a loan agreement with a local bank of Baht 52 million with an interest rate of MLR which common announcement on withdraw date less 2% per annum. The objective is to fund the maintenance machinery and electricity and steam supplies. The loan is to be repaid in full within 16 November 2019.

On 20 December 2017, the Company entered into a loan agreement with a local bank of Baht 860 million with an interest rate of 4.5 percent per annum. The objective is to fund the sugar cane plantation harvesting season 2018/2019. The loan is to be repaid in full within 30 April 2019.

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

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and a subsidiary to maintain certain long-term debt to equity ratios.

As at 31 December 2016, the Company was unable to maintain Debt Service Coverage Ratio (DSCR) as specified in one of the facilities of Credit Facility Agreement, which resulted in the loan becoming payable on demand. Therefore, the Company classified such loan as current liabilities. However, in February 2017, the Company received the waiver for such non-compliance from the lender. The classification of such liabilities to be current is in accordance with Thai Financial Reporting Standards.

As at 31 December 2017, the Company could not maintain Debt Service Coverage Ratio (DSCR) as specified in one of the facilities of Credit Facility Agreement. However, in December 2017, the Company has already received the waiver for such non-complaisance from leader.

As at 31 December 2017, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 791 million (2016: Baht 545 million) (the Company only: 788 million, 2016: Baht 462 million).

21. Provision for long-term employee benefits

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

			(Unit: T	housand Baht)
	Consoli	dated	Sepai	rate
_	financial sta	atements	financial sta	atements
	2017	2016	2017	2016
Provision for long-term employee benefits at				
beginning of year	33,719	39,156	29,415	35,819
Included in profit or loss:				
Current service cost	3,955	5,321	3,473	4,742
Interest cost	1,046	1,240	918	1,120
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	515	660	449	581
Financial assumptions changes	(2,136)	3,401	(1,911)	3,011
Experience adjustments	(1,723)	(11,527)	(1,690)	(11,678)
Benefits paid during the year	(1,685)	(4,532)	(1,117)	(4,180)
Provision for long-term employee benefits				
at end of year	33,691	33,719	29,537	29,415

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht) Consolidated Separate financial statements financial statements 2017 2016 2017 2016 3,493 Cost of sales 4,236 3,040 3,787 Selling and administrative expenses 1,508 2,325 1,351 2,075 Total expenses recognised in profit or loss 5,001 6,561 4,391 5,862

The Company and its subsidiaries expect to pay long-term employee benefits amounting to Baht 1 million within next one year (the Company only: Baht 1 million) (2016: Baht 1 million, the Company only: Baht 1 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 16 years (the Company only: 16 years) (2016: 11 years, the Company only: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated final	ncial statements	Separate financial statements		
	2017	2016	2017	2016	
	(% per annum)	(% per annum)	(% per annum)	(% per annum)	
Discount rate	1.43 - 3.93	3.1359	1.43 - 3.93	3.1359	
Salary increase rate	4.0	5.0	4.0	5.0	
Staff turnover rate (depending					
on age)	6.0 - 16.0	6.0 - 16.0	6.0 - 16.0	6.0 - 16.0	

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 are summarised below:

(Unit: Million Baht) Consolidated Separate financial statements financial statements Increase 1% Increase 1% Decrease 1% Decrease 1% (3) 4 3 (3) 3 Salary increase rate 3 (3) (3)

Discount rate

		(
	Consc	Consolidated financial statements		Separate	
	financials			tatements	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%	
Turnover rate	(2)	3	(2)	2	

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

			(U	nit: Million Baht)	
	Conso	lidated	Sepa	arate	
	financial s	tatements	financial st	financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%	
Discount rate	(3)	4	(3)	3	
Salary increase rate	4	(3)	3	(3)	
			(U	nit: Million Baht)	
	Consolidated financial statements		Separate		
			financial statements		
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%	
Turnover rate	(2)	3	(2)	3	

22. 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.

23. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee				
benefits	461,265	469,957	408,804	418,957
Depreciation and amortisation	604,657	526,095	521,267	460,343
Transportation expenses	191,451	204,536	164,485	169,254
Stabilisation costs, research fee and				
contribution to Cane and Sugar Fund	114,118	115,592	114,118	115,592
Maintenance expenses	328,347	236,889	280,535	209,706
Rental expenses from operating lease				
agreements	62,867	60,279	60,587	54,976
Raw materials and other supplies used	3,929,908	2,840,231	3,928,304	2,835,827
Changes in inventories of finished goods				
and work in process	65,256	(76,427)	63,876	(74,194)

24. Income tax

24.1 Deferred tax assets / liabilities

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

(Unit: Thousand Baht)

	Statements of financial position				
	Consolid	dated	Separate financial statements		
	financial sta	atements			
	2017	2016	2017	2016	
Deferred tax assets					
Allowance for doubtful accounts	20,636	14,448	20,636	14,448	
Allowance for diminution in value of					
inventories	153	80	153	80	
Derivative revaluation					
reflected in shareholders' equity	-	432	-	432	
Finance lease	-	696	-	696	
Provision for long-term employee					
benefits	6,738	6,744	5,907	5,883	
Unused tax loss	118,344	146,535	114,055	124,505	
Total	145,871	168,935	140,751	146,044	

(Unit: Thousand Baht)

	Statements of financial position				
	Consolid	dated	Separate financial statements		
	financial sta	itements			
	2017	2016	2017	2016	
Deferred tax liabilities					
Derivative revaluation					
reflected in profit or loss	753	-	753	-	
reflected in shareholders' equity	4	-	4	-	
Financial lease	1,562	-	1,562	-	
Accumulated depreciation - Plant					
and equipment	81,693	75,894	81,693	75,894	
Total	84,012	75,894	84,012	75,894	
Deferred tax assets - net	61,859	93,041	56,739	70,150	

24.2 Income tax expenses (revenues)

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

			(Unit:	Thousand Baht)	
	Consoli	dated	Sepa	rate	
	financial st	atements	financial st	financial statements	
	2017	2016	2017	2016	
Current income tax:					
Current income tax charge	6,849	2,195	-	-	
Deferred tax:					
Relating to origination and reversal of					
temporary differences	30,077	(69,843)	12,344	(47,744)	
Income tax expenses (revenues)					
reported in the statements of					
comprehensive income	36,926	(67,648)	12,344	(47,744)	

The reconciliation between accounting losses and income tax revenue is shown below.

(Unit: Thousand Baht) Consolidated Separate financial statements financial statements 2017 2016 2017 2016 Accounting losses before tax (339,716)(422,906)(516,555)(229,274)Applicable tax rate 20% 20% 20% 20% Accounting losses before tax multiplied by income tax rate (67,943)(84,581)(103,311)(45,855)Effects of: Change in value of investment accounted for the equity method 9,757 Income exempted from promotional privileges (Note 25) (23,853)2,075 1,378 6,706 Non-deductible expenses 19,107 Additional expense deductible allowed (12,793)(16,219)(12,793)(16,207)Unused tax losses which may 129,683 14,045 127,070 7,612 not be utilised Income tax expenses (revenues) reported in the statements of 36,926 (67,648) 12,344 (47,744)comprehensive income

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 648 million (2016: Baht 69 million) (the Company only: Baht 635 million 2016: Baht 38 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Company and its subsidiaries have unused tax losses amounting to Baht 648 million (2016: Baht 69 million) (the Company only: Baht 635 million 2016: Baht 38 million) will expire by the year 2022.

24.3 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 2017 and 2016 are as follows:

			(Unit: 1	housand Baht)
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to				
Gain (loss) on revaluation from				
derivative	(437)	3,400	(437)	3,577
Actuarial gain	(668)	(1,493)	(630)	(1,617)

25. 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.

Operating revenues for the year ended 31 December 2017 and 2016, divided by promoted and non-promoted operating are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statement						
	Promoted operations		Non-prompted operations		Total		
	2017	2016	2017	2016	2017	2016	
Domestic sales and							
service income	593,437	329,170	7,226,777	6,595,960	7,820,214	6,925,130	

26. Loss per share

Basic loss per share is calculated by dividing 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 loss per share:

	Consolidated financial statements							
	Weighted average							
	Loss for	the year	number of or	rdinary shares	Loss per share			
	2017	2016	2017	2016	2017	2016		
	(Thousand	(Thousand	(Thousand	(Thousand	(Baht)	(Baht)		
	Baht)	Baht)	shares)	shares)				
Basic loss per share								
Loss attributable to equity								
holders of the Company	(376,642)	(355,258)	600,000	600,000	(0.63)	(0.59)		
			Separated finan	icial statements				
	Weighted average							
	Loss for	the year	number of or	dinary shares	Loss per share			
	2017	2016	2017	2016	2017	2016		
	(Thousand	(Thousand	(Thousand	(Thousand	(Baht)	(Baht)		
	Baht)	Baht)	shares)	shares)				
Basic loss per share								
Loss attributable to equity								
holders of the Company	(528,900)	(181,530)	600,000	600,000	(0.88)	(0.30)		

27. 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 three 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

No operating segments have been aggregated to from the above reportable operating segments.

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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets 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 and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

For the year ended 31 December 2017

(Unit: Million Baht)

			i or the year	Cilaca o i Dece	111001 2017		
	Sugar cane	Sugar and molasses	Utilities		Total reportable		
	· ·			Others	·	Eliminations	Consolidated
	segment	trading	segment	Others	segments	Eliminations	Consolidated
Revenue from sale and service from							
external customers	6,083	1,254	483	-	7,820	-	7,820
Inter-segment revenue	163	15	386		564	(564)	
Total	6,246	1,269	869		8,384	(564)	7,820
Interest income	94	-	-	1	95	(23)	72
Interest expenses	166	2	47	1	216	(23)	193
Depreciation and amortisation	521	-	86	-	607	(3)	604
Gain on disposal of equipment	2	-	-	-	2	(1)	1
Compensation from subsidiary's							
accident	-	-	166	-	166	-	166
Income tax expenses	12	7	18	-	37	-	37
Segment profit (loss)	(529)	25	176	(1)	(329)	(47)	(376)
Segment total assets	9,096	491	1,934	205	11,726	(1,568)	10,158
Additions (deductions) to non-							
current assets other than							
financial instruments and							
deferred tax assets	(781)	194	(298)	79	(806)	382	(424)

(Unit: Million Baht)

	For the year ended 31 December 2016						
		Sugar and			Total		
	Sugar cane	molasses	Utilities		reportable		
	segment	trading	segment	Others	segments	Eliminations	Consolidated
Revenue from sale and service from							
external customers	5,517	1,088	320	-	6,925	-	6,925
Inter-segment revenue	649	2	409	-	1,060	(1,060)	-
Total	6,166	1,090	729	-	7,985	(1,060)	6,925
Interest income	79			1	80	(19)	61
Interest expenses	156	-	49	1	206	(19)	187
Depreciation and amortisation	460	-	63	-	523	3	526
Gain on disposal of equipment	5	-	-	-	5	-	5
Compensation from subsidiary's							
accident	-	-	25	-	25	-	25
Loss on subsidiary's accident	-	-	135	-	135	-	135
Income tax expenses (revenue)	48	(2)	22	-	68	-	68
Segment profit (loss)	(182)	7	(172)	(6)	(353)	(2)	(355)
Segment total assets	9,886	297	2,250	126	12,559	(1,951)	10,608
Additions (deductions) to							
non-current assets other than							
financial instruments and							
deferred tax assets	204	-	(50)	6	160	(110)	50

Geographic information

Revenue from external customers is based on locations of customers.

(Unit: Million Baht)

	2017	2016
Revenue from external customers		
Thailand	4,156	3,656
Asia	2,946	2,449
Europe	705	775
Others	13	45
Total	7,820	6,925

Major customers

For the year 2017, the Company and its subsidiaries had revenue from 3 major customer in the amount of Baht 1,973 million, Baht 521 million, and Baht 584 million, respectively (2016: Baht 864 million and Baht 731 million derived from two major customers, arising from the production and distribution of sugar cane segment).

28. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries 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 2017 amounting to approximately Baht 9 million (2016: Baht 8 million) (the Company only: Baht 8 million 2016: Baht 7 million) were recognised as expenses.

29. Dividends

			Dividend per
Dividends	Approved by	Total dividends	share
		(Million Baht)	(Baht)
Final dividends for 2016	Annual General Meeting of the		
	shareholders on 26 April 2017	30	0.05
Total for 2017		30	0.05
Final dividends for 2015	Annual General Meeting of the		
	shareholders on 25 April 2016	30	0.05
Interim dividends for 2016	Board of Directors' Meeting on		
	10 August 2016	30	0.05
Total for 2016		60	0.10

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of approximately Baht 609 million (2016: Baht 593 million) (the Company only: Baht 21 million, 2016: Baht 26 million), relating to the construction of factory buildings, and acquisition of machinery.

30.2 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 are as follows.

			(Unit: Million Bah		
	Conso	Consolidated		arate	
	financial s	tatements	financial statements		
	2017	2016	2017	2016	
Payable within:					
1 year	30	36	25	30	
2 to 5 years	12	32	10	31	

30.3 Molasses sale/purchase commitments

As at 31 December 2017, the Company and a subsidiary had commitments to molasses purchase of Baht 568 million (2016: Baht 469 million) (the Company only: Nil) and molasses sales of Baht 867 million (2016: Baht 603 million) (the Company only: Baht 495 million 2016: Baht 227 million), for which the delivery has not yet been made. The agreements mature within one year.

30.4 Cane sugar sales/purchase commitments

As at 31 December 2017, the Company had commitments to the sale of cane sugar amounting to Baht 445 million (2016: Baht 744 million), for which the delivery has yet to be made. The agreements mature within one year.

30.5 Electricity sale/purchase commitment and dispute

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

		Period	Commencement		Contracted
Company's name	Date of agreement	(Years)	date	End of period	capacity (MW)
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

^{*} On 26 September 2016, the subsidiary revised the agreement with Provincial Electricity Authority by changing the condition from Adder to Feed-in Tariff (TiF) and extending terms from 5 years to 20 years as from the agreement date. As a result, the termination of the agreement shall be 15 July 2029.

Dispute between the subsidiary and Electricity Generating Authority of Thailand

On 23 April 2016, there was an accidental breakdown of the main steam pipe of Khonburi Power Plant Co., Ltd ("a subsidiary"). As result, the boiler and accessory equipment were partially damaged. The subsidiary completed all the repairing works, and thus the boiler has been back to normal operation since 25 October 2016. During the repairing period, the subsidiary was unable to produce and sell electricity to Electricity Generating Authority of Thailand ("EGAT") in accordance with the Firm 22 MW contract. However, the subsidiary issued the letter notifying EGAT of such accident and regularly updated the progress of the repairing work throughout the repairing period.

On 22 November 2016, EGAT issued a letter to the subsidiary notifying that there were changes in the volume of electricity as stipulated in the contract under the condition no. 14.1 stating that "In case the subsidiary fails to sell the electricity to EGAT with the volume as specified in the contract totaling 18 months during the past 24 months (assuming that the actual volume as specified in the contract is used), whereby the 24th month falls due in the current month, EGAT will reduce the electricity volume equal to the actual volume that the subsidiary was able to generate in the 18th month." The 18th month as mentioned earlier refers to August 2016, which was the period in which the subsidiary's boiler had been under the repairing work. As a result, the subsidiary was unable to sell electricity to EGAT as above mentioned. Therefore, EGAT started reducing the volume of electricity in January 2017.

However, on 29 November 2016 the subsidiary issued 2 letters to EGAT and to Energy Regulatory Commission (ERC), respectively. The former is to clarify the cause of not complying with the sale / purchase electricity contract due to the suspension of selling the electricity, and request that EGAT reconsider the changes in the electricity volume. The latter is to appeal to ERC regarding the changes in electricity volume. On 30 December 2016, ERC informed the subsidiary of the outcome of the appeal. ERC allowed the relief of enforcement of the condition 14.1, and scheduled the negotiation between both parties on 28 February 2017. In this regard, the subsidiary has to regularly update ERC on the progress. Under the ERC decision, the subsidiary shall continue selling electricity to EGAT under this contract until ERC reaches the final decision.

On 9 January 2017, the subsidiary arranged a meeting with EGAT to discuss this matter. EGAT informed that it was the operating function unit who complied with the contract and not authorised to make a decision in amending terms and conditions in the contract. Therefore, this matter has to be proposed to ERC for the finalised

decision. The subsidiary was informed that EGAT submitted the meeting's resolution to ERC for further consideration on 10 February 2017.

However, as at the auditor's report date of the financial statements, ERC has yet to finalise the decision on this matter. The Company's management reassures that the electricity volume as specified in the contract will not be reduced, and this dispute will not have a significant impact on the subsidiary's business because the subsidiary has regularly supplied the electricity to EGAT in the quantity as stipulated in the contract. The reason of not supplying the electricity to EGAT for 180 days is that the main steam pipe and accessory equipment have been repaired. After the repairing work was completed, the subsidiary is able to sell the electricity to EGAT as stipulated in the sale and purchase electricity contract up to the present.

30.6 Agreements relating to the operation of electricity from biomass

- On 1 December 2014, the Company and a subsidiary 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 to 30 November 2017. The agreement shall be renewable for further 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 3,300 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 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 with the Company. The terms of the agreements are generally 3 - 30 years.

On 1 December 2017, the Company and a subsidiary revised and amended agreements relating to the operation of electricity from biomass. The terms are 3 years, as from the date of 1 December 2017 until 30 November 2020. The agreement shall be renewable for further 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 3,300 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 temperature of 115 400 degree Celsius, from its subsidiary. The price is as stipulated in the agreement.
- c) The bagasse sale/purchase agreement The Company agreed to sell at least 0.82 million tons of bagasse at moisture of 47 53% to its subsidiary. The price is as stipulated in the agreement.

In addition, 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 with the Company. The terms of the agreements are generally 3 - 30 years.

30.7 Guarantees

- 1) As at 31 December 2017, the Company guaranteed bank credit facilities to two subsidiaries amounting to Baht 2,112 million (2016: Baht 1,860 million)
- 2) As at 31 December 2017, the Company had no guarantee of bank credit facilities granted to a related party (2016: Baht 312 million) with the Company's inventories as collateral.
- 3) As at 31 December 2017, the Company and its subsidiaries had outstanding bank guarantees of approximately Baht 4 million and Baht 17 million, respectively (2016: Baht 4 million and Baht 6 million, respectively) 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.
- 4) As at 31 December 2017, the subsidiary had outstanding bank guarantees of approximately Baht 82 million (2016: Baht 82 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 of Thailand, in compliance with the regulations of purchasing electricity from small power producers.

30.8 Commitment in respect of uncalled investment

As at 31 December 2017 and 2016, the Company and its subsidiary are committed to pay the uncalled portions of its investments as follows:

(Unit: Million Baht)

	2017	2016
Khonburi Bio Energy Co., Ltd.	324.75	324.75
KBS Investment Co., Ltd.	101.25	-
KBS Power Co., Ltd.	101.25	-

31. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements					
	As at 31 December 2017					
	Level 1	Level 2	Level 3	Total		
Financial assets measured at fair value						
Derivatives						
Forward exchange contracts	-	23	-	23		
Commodity swap contracts	-	3,764	-	3,764		
Financial liability measured at fair value	•					
Derivative						
Forward exchange contracts	-	263	-	263		
			(Unit: The	ousand Baht)		
_		Separate Finar	ncial Statements			
		As at 31 Dec	cember 2017			
	Level 1	Level 2	Level 3	Total		
Financial assets measured at fair value						
Derivatives						
Forward exchange contracts	-	23	-	23		
Commodity swap contracts	-	3,764	-	3,764		

(Unit: Thousand Baht)

			-
Consolidated /	Separate	Financial	Statements

	As at 31 December 2017				
	Level 1	Level 2	Level 3	Total	
Financial liability measured at fair value	е				
Derivative					
Forward exchange contracts	-	2,161	-	2,161	

32. Financial instruments

32.1 Financial risk management

The Company's 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, short-term loans from banks, short-term loans from related parties, trade and other payable, amount due to the Office of the Cane and Sugar fund, long-term loans from banks 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, sugar cane 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, sugar cane plantation receivables and loans as stated in the statements of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its deposits at banks, sugar cane plantation receivables, loans, bank overdrafts, liabilities under the financial lease agreement and interest bearing borrowings. Most of the Company's and subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest 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.

(Unit: Million Baht)

	Consolidated financial statements						
			As at 31 D	ecember 2017			
	Fixed interes	est rates					
	Within	1-5	Floating	Non- interest			
	1 year	years	interest rate	bearing	Total	Interest rate	
						(% p.a.)	
Financial assets							
Cash and cash equivalents	-	-	226	7	233	Note 8	
Trade and other receivables	-	-	-	679	679	-	
Sugar cane plantation receivables	867	321			1,188	Note 10	
	867	321	226	686	2,100		
Financial liabilities							
Short-term loans from banks	2,548	-	-	-	2,548	Note 17	
Trade and other payables	-	-	-	1,357	1,357	-	
Amounts due to the Office of the							
Cane and Sugar fund	-	-	-	80	80	-	
Liabilities under financial lease	29	34	-	-	63	Note 19	
Long-term loans from banks	511	152	2,227	-	2,890	Note 20	
	3,088	186	2,227	1,437	6,938		
						L'AMERICA DA LO	
			0 111 15		•	Jnit: Million Baht)	
				nancial stateme	nts		
			As at 31 D	ecember 2016			
	Fixed interes	est rates					
	Within	1-5	Floating	Non- interest			
	1 year	years	interest rate	bearing	Total	Interest rate	
						(% p.a.)	
Financial assets							
Cash and cash equivalents	-	-	121	5	126	Note 8	
Trade and other receivables	-	-	-	964	964	-	
Sugar cane plantation receivables	735	262			997	Note 10	
	735	262	121	969	2,087		
Financial liabilities							
Short-term loans from banks	1,839	-	-	-	1,839	Note 17	
Short-term loan from related							
party	312	-	-	-	312	1.00% - 2.55%	
Trade and other payables	-	-	-	1,307	1,307	-	
Amounts due to the Office of the							
Cane and Sugar fund	-	-	-	90	90	-	
Liabilities under financial lease	27	57	-	-	84	Note 19	
Long-term loans from banks	528		2,837		3,365	Note 20	
	2,706	57	2,837	1,397	6,997		

(Unit: Million Baht)

Separate	financial	statements
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	·							
	As at 31 December 2017							
	Fixed inter	est rates						
	Within	1-5	Floating	Non-interest				
	1 year	years	interest rate	bearing	Total	Interest rate		
						(% p.a.)		
Financial assets								
Cash and cash equivalents	-	-	74	1	75	Note 8		
Trade and other receivables	-	-	-	360	360	-		
Sugar cane plantation receivables	867	321	-	-	1,188	Note 10		
Short-term loans to related parties	516	-	-	-	516	2.37% - 7.50%		
	1,383	321	74	361	2,139			
Financial liabilities								
Short-term loans from banks	2,333	-	-	-	2,333	Note 17		
Short-term loan from related								
party	85	-	-	-	85	1.10%		
Trade and other payables	-	-	-	1,046	1,046	-		
Amounts due to the Office of the								
Cane and Sugar fund	-	-	-	80	80	-		
Liabilities under financial lease								
agreement	28	34	-	-	62	Note 19		
Long-term loans from banks	511	152	1,628	-	2,291	Note 20		
	2,957	186	1,628	1,126	5,897			

(Unit: Million Baht)

Separate financial statements

	As at 31 December 2016						
	Fixed inter	est rates					
	Within	1-5	Floating	Non- interest			
	1 year	years	interest rate	bearing	Total	Interest rate	
						(% p.a.)	
Financial assets							
Cash and cash equivalents	-	-	99	1	100	Note 8	
Trade and other receivables	-	-	-	1,041	1,041	-	
Sugar cane plantation receivables	735	262	-	-	997	Note 10	
Short-term loans to related parties	482	-	-	-	482	4.50% - 7.50%	
	1,217	262	99	1,042	2,620		
Financial liabilities							
Short-term loans from banks	1,799	-	-	-	1,799	Note 17	
Short-term loan from related							
party	397	-	-	-	397	1.10%	
Trade and other payables	-	-	-	1,200	1,200	-	
Amounts due to the Office of the							
Cane and Sugar fund	-	-	-	90	90	-	
Liabilities under financial lease							
agreement	26	56	-	-	82	Note 19	
Long-term loans from banks	528		2,047		2,575	Note 20	
	2,750	56	2,047	1,290	6,143		

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from selling goods and purchasing equipment that are denominated in foreign currencies. The Company and its subsidiaries seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. General, the forward contracts mature within one year.

The Company 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.

	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
Foreign currency						
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreig	gn currency unit)
US dollar	1.3	6.1	_	_	32.6407	35.6588

The balances of forward exchange contracts are summarised below.

Consolidated financial statements as at 31 December 2017

			Contractual ex	change rate	
Foreign	Purchased	Sold	Purchased	Sold	Contractual
currency	amount	amount	amount	amount	maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	0.47	0.03	33.12 - 33.28	33.41	February - April 2018

Separate financial statements as at 31 December 2017

		Contractual exchange rate	Contractual
Foreign currency	Sold amount	Sold	maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.03	33.41	April 2018

Consolidated / Separate financial statements as at 31 December 2016

		Contractual exchange rate	Contractual
Foreign currency	Sold amount	Sold	maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	22.6	35.56 - 35.98	January - November 2017

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.
- Allocation of profit is generated by the system between the cane planters and the sugar mills under a benefit sharing arrangement, whereby cane planters receive 70% of the income, which is the cane price, and the sugar mills receive 30%, which is the return on production.

The net income of the cane and sugar system is calculated based on the income from the domestic sugar distribution (Quota A) and income from exports (Quota B and Quota C: using the average price of the sugar in Quota B and the exchange rate of the actual sales made by TCSC as the base for calculation of export sales income) less the expenses of the Cane and Sugar Industry. Currently, the ratio of exported sugar to domestically sold sugar is approximately 70:30.

A result of the system is that the selling price of sugar under Quota B and the exchange rate of the actual sales made by TCSC have substantial impact on the cane price, which is the major cost of the sugar production. To manage risk on the fluctuation of gross profit, the Company has hedged the risk by entering into commodity swap contracts for the periods not over 1 years. Gain or loss is recognised in the statement of income when the contracts are settled or expired.

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

(Unit: Thousand US dollar)

As at 31 December 2017

			Contrac	t value	
	Bought	Sold	Bought	Sold	Contractual
Commodity type	amount	amount	amount	amount	maturity date
Sugar	550 tons	120 tons	1,828	472	February - April 2018

As at 31 December 2017, the Company had no remaining commodity swap contacts.

32.2 Fair values of financial instruments

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

The estimated fair value of the derivatives is as follows:

			(Unit	: Thousand Baht)	
	Conso	lidated	Separate financial statements		
	financial s	statements			
	As at	As at	As at	As at	
	31 December	31 December 31 December 2017 2016 Fair value Fair value Gain (loss) Gain (loss)		31 December 2016	
	2017				
	Fair value			Fair value	
	Gain (loss)			Gain (loss)	
Derivatives					
Forward exchange contracts	(240)	(2,161)	23	(2,161)	
Commodities swap contracts	3,764	-	3,764	-	

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, accounts payable and shortterm loans, 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 had considered counterparty credit risk when determining the fair value of derivatives

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

33. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.23:1 (2016: 1.99:1) and the Company's was 1.90:1 (2016: 1.67:1).

34. Event after the reporting period

Restructuring of cane and sugar industry

On 15 January 2018, by virtue of Section 44 the National Council for Peace and Order (NCPO) issued the order No. 1/2561 on the amendment of law to facilitate the ease of the restructuring of entire cane and sugar industry to ensure compliance with the international trade law whereby No.18 under Section 17 of Cane and sugar Act B.E. 2527 has been nullified to deregulate the quota system of sugar market for domestic consumption and replace with sugar price floating according to world market forces. The difference between average selling price of local sugar market in one month and London sugar No. 5 price plus the premium of Thai sugar of one month is to be contributed to Cane and Sugar Fund to maintain the stability of cane and sugar industry. The order is effective on 15 January 2018. The restructuring of entire cane and sugar industry brings about the cancellation of the sugar quota system under which sugar produced locally is allocated into three lots: Quota A for domestic consumption, Quota B for exports through the Thai sugarcane and sugar companies and Quota C for exports by sugarcane and sugar factories.

35. Approval of consolidated financial statements

These consolidated financial statements were authorised for issue by the Company's authorised directors on 27 February 2018.

References

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