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KHON KAEN SUGAR INDUSTRY PUBLIC CO., LTD  
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16 March 2016

SUBJECT EXPLANATION FOR THE CHANGE IN FINANCIAL PERFORMANCE OF OVER 20 PERCENT FOR THE  
FIRST QUARTER OF YEAR 2016 COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR

ATTENTION PRESIDENT, THE STOCK EXCHANGE OF THAILAND

Khon Kaen Sugar Industry Public Company Limited and its subsidiaries ("KSL") would like to clarify our financial performance of the first quarter year 2016 (November 2015 – January 2016) as follow;

**Revenue from Sales and Services increase by 20%**

The Company recorded revenue from sales and services at THB 3,792 million, increased by 20% compare to the same period of last year, which recorded at THB 3,154 million. The main reason of revenue increase was from sugar sales volume which increased from 112,602 tons in the first quarter year 2015 to 185,597 tons in the first quarter year 2016 or increased by 65%. The sugar sales volume increase was mainly due to the sale of last year inventories.

**Cost of Sales and Services increased by 30%**

Although, Sugar business had the better performance from increase in sales volume and the better selling price of sugar from the new season which was due to World sugar price recovery and THB weakening. Majority of total sugar sales volume in the first quarter was last year inventories with high cost which affected lower margin per unit.

Gross profit margin in the first quarter year 2016 was 30%, decreased from 35% the same period of last year.

*Net profit decreased by 12%*

The Company recorded net profit of THB 349 million or decreased by 12%, compared to the same period last year which recorded net profit of THB 396 million. The decrease of net profit was mainly from the decline of Ethanol and Electricity sales which were due to that this year crushing season, in western area of Thailand, opened later than last year. Consequently, Ethanol sales decreased from 27.3 million liters in the first quarter year 2015 to 21.4 million liters in the first quarter year 2016 and Electricity sales to EGAT decreased from 71,661 MW-hr in the first quarter year 2015 to 61,750 MW-hr in the first quarter year 2016. Besides, average selling price of both products decreased.

Moreover, the subsidiary has improved the process by replacing the old machine in the process of trapping dust and smoke out of the sugar mill's boiler. As a result, the Company incurred loss from scrap sales of THB 19 million

Consequently, based on 3 months performance, the Company recorded revenue from sales and services, increased by 20% but net profit decreased by 12% from THB 396 million in the first quarter year 2015 to THB 349 million in the first quarter year 2016.

Yours faithfully,

Mr. Chamroon Chinthammit  
Chief Executive Officer and President  
Khon Kaen Sugar Industry Public Company Limited