



No. ACC 03/2014

KHON KAEN SUGAR INDUSTRY PUBLIC CO.,LTD

503 K.S.L. TOWER 9 th FLOOR, SRIAYUDHYA,

RAJATHEVI, BANGKOK 10400

15 September 2014

SUBJECT EXPLANATION FOR THE DECREASE IN REVENUE OF OVER 20 PERCENT FOR THE THIRD QUARTER OF YEAR 2014 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 ("The Company") would like to report our financial performance of the third quarter year 2014 (May 2014 – July 2014). The Company recorded a net profit of THB 358 million compared to THB 613 million in the same quarter last year, representing a 42% decrease. The main reasons for the decrease in company performance were due to;

1. The Company recorded, in the third quarter, the revenue from Sales at THB 4,627 million, 23% decrease from the same period last year which recorded at THB 6,026 million. The decrease was due to the shipment delay from customers. Sugar sale volume in the third quarter year 2014 dropped to 199,000 tons, compared to the same period last year at 264,800 tons or decreased by 25%. Most of the undelivered sugars have already been contracted but, by accounting standard, they cannot be recorded as revenue until they are shipped to customers. At the end of the third quarter year 2014, the Company's sugar inventory is 554,000 tons compare to 250,000 tons during the same period last year. However, the Company expects to deliver most of the sugar in the inventory in the fourth quarter.
2. The decrease in performance in Oversea Sugar business was due to the lower selling price of sugar in the world market and the EU market.
3. In the third quarter, the Company incurred transportation cost to move the sugar from factories to warehouses at the port, to be ready for sugar delivery to customer. Because of the shipment delay, the transportation cost was already included as part of the expenses for this quarter but the Company could not record the revenues until the sugar is shipped. This caused higher Selling expense for this quarter.
4. The Company incurred Financial cost of THB 226 million this quarter compare to THB 190 million in the same quarter last year due to previous project investment.



Overall, the Company still recorded an accumulated net profit over 9 months in Year 2014 equal to THB 1,413 million, an 11% drop from last year's performance over the same period at THB 1,587 million. However, in term of EBITDA in 9 months period, the Company recorded a 5% increase in EBITDA of THB 3,196 million compared to THB 3,031 million in the previous year.

Yours faithfully,

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