

**Information Memorandum to the Acquisition of Assets by
Thai Agro Energy Public Company Limited (the “Company”)
Schedule 2**

The Board of Directors’ Meeting of Thai Agro Energy Public Co., Ltd. (“TAE”) No. 2/2018 dated February 15, 2018 has resolved to approve an investment in the construction of a wastewater evaporation plant “EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY”

The above transaction is concerned as acquisition of asset according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (“Notification Concerning Acquisition or Disposal of Assets”) with the transaction size of 19.06 percent, using to the value of total consideration basis, which is the calculation basis providing the highest transaction value based on the Company’s financial statements as of 31 December 2017 which was audited by the auditor. The transaction is considered as Class 2 transaction, which the transaction value is higher than 15 percent but less than 50 percent, thus, the Company has to report and disclose the information of such transaction to the Stock Exchange of Thailand immediately and send a circular notice of such transaction to the shareholders within 21 days from the date of disclosure of information to the Stock Exchange of Thailand.

1. Information Memorandum to the Acquisition of Assets (Schedule 1)

- (1) **Transaction Date** : The Company signed a contract for the construction of EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY on March 14, 2018
- (2) **The connected parties and their relationships with the Company:**
Employer: Thai Agro Energy Public Co., Ltd. (“TAE”)
Contractor: STRR ENGINEERING CO., LTD (“STRR”)

The relationship between the employer and the contractor : The parties do not have any relation to each other.

- (3) **General characteristics of the transaction :**

3.1 Characteristic of the Transaction

The Company will proceed with the construction of the EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY on the land owned by the Company. The area for the construction site is 20 rai located at Moo 10 Tambon Nong Makha, Amphoe Dan Chang Suphanburi Province. The investment budget is 417.69 million baht. The construction is expected to be completed in the first quarter of 2019.

3.2 Calculation of Transaction Size

- (A) Value of the Net Tangible Assets basis – None
(B) Value of Total Consideration basis

Transaction	Value of Total Consideration (Million)	Total Asset of the Company (Million)	Transaction Size (%)
The construction of a wastewater evaporation plant "EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY"	417.69	2,830,029	14.76

(C) Net Operating Profits basis – None

(D) Value of Equity Shares issued for the Payment of Asset basis – None

The Company calculates the size of the transaction in accordance with the Notification Concerning Acquisition or Disposal of Assets using the value of total consideration basis, which is the calculation basis providing the highest transaction value based on the Company's financial statements as of 31 December 2017 which was audited by the auditor. The maximum transaction size is at 14.76 percent.

To combine the acquisition transactions occurring within 6 months as following:

1. The purchase of land

- 1.1 The Board of Directors' Meeting No. 11/2017 dated October 19, 2017 has resolved to approve the purchase of land from 1 seller plot of land 24 rai 3 ngan 50 sq.w total value 6,218,750 Baht. In order to enter into the transaction, the value of the transaction is equal to 0.21 percent of the total assets of the Company as of June 30, 2017 based on the total value of the consideration which is the highest value compared to others.
- 1.2 The Board of Directors' Meeting No.12/2017 dated November 9, 2017 has resolved to approve the purchase of land from 7 sellers plot of land totaling 94 rai 2 ngan 33 sq.w total value 22,729,800 Baht. In order to enter into the transaction, the value of the transaction is equal to 0.75 percent of the total assets of the Company as of June 30, 2017 based on the total value of the consideration which is the highest value compared to others.
- 1.3 The Board of Directors' Meeting No. 14/2017 dated December 21, 2017 has resolved to approve the purchase of land from 6 sellers plot of land totaling 63 rai 0 ngan 67 sq.w total value 17,571,900 Baht. In order to enter into the transaction, the value of the transaction is equal to 0.63 percent of the total assets of the Company as of September 30, 2017 based on the total value of the consideration which is the highest value compared to others.
- 1.4 The Board of Directors' Meeting No. 2/2018 dated February 15, 2018 has resolved to approve the purchase of land from 1 seller plot of land 18 rai 0 ngan 41 sq.w. total value 4,163,575 Baht. In order to enter into the transaction, the value of the transaction is equal to 0.15 percent of the total assets of the Company as of December 31, 2017 based on the total value of the consideration which is the highest value compared to others.

The Company and Seller(s) do not have a relationship in term of a connected person according to the Notification of the Capital Market Supervisory Board No.TorChor.

21/2551 Re: Rules on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand No.BorJor/Por 22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions A.D.2003

2. Investment in waste water treatment pond

The Board of Directors' Meeting No. 1/2018 dated January 18, 2018 has resolved to approve the Investment in waste water treatment pond No.10, which was constructed on land owned by the company. Construction total value 71 million Baht. In order to enter into the transaction, the value of the transaction is equal to 2.56 percent of the total assets of the Company as of September 30, 2017 based on the total value of the consideration which is the highest value compared to others.

The Company and Contractor do not have a relationship in term of a connected person according to the Notification of the Capital Market Supervisory Board No.TorChor. 21/2551 Re: Rules on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand No.BorJor/Por 22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E.2546.

Total size of the asset acquisition is 19.06 percent , using to the value of total consideration basis, which is the calculation basis providing the highest transaction value based on the Company's financial statements as of 31 December 2017 which was audited by the auditor. The transaction is considered as Class 2 transaction, which the transaction value is higher than 15 percent but less than 50 percent, thus, the Company has to report and disclose the information of such transaction to the Stock Exchange of Thailand immediately and send a circular notice of such transaction to the shareholders within 21 days from the date of disclosure of information to the Stock Exchange of Thailand.

(4) Description of Investment Asset

Project Name : Construction of a wastewater evaporation plant
"EVAPORATORSYSTEM FOR BIO METHANATED SPENT WASH
3,000 M3/DAY"

Objective : To reduce the impact on the environment.

Investment value : 417.69 Million baht

Project Location : At the ethanol plant of the company, Moo 10, Tambon
Nong Makha Mong, Amphoe Dan Chang, Suphanburi
Province

Project contractor: STRR ENGINEERING CO., LTD ("STRR")

(5) Total value of the consideration

The total value of consideration : 417.69 million Baht

Payment and payment condition : Monthly progressively throughout the project

(6) Value of the asset acquired

Wastewater evaporation plant “EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY” Total value 417.69 million Baht.

(7) Basis of determining the consideration value

Bidding for construction prices and terms of contractual parties

(8) Expected Benefits

1. The investment in this project is an efficient long-term solution for treating wastewater, with all inherent positive environmental impact which complies with the Company’s policy.
2. Evaporator condensate is a source of re-use water. Condensate recovery can reduce more than 90 percent of process water used in Ethanol production.
3. Excess electricity generated from the evaporation plant will be used in Ethanol production to save energy cost.
4. The Company will gain extra income from selling Potassium Humate fertilizer, a by-product from evaporation process.

(9) Sources of Fund : Loans from financial institutions, covering all of the projects.

(10) Conditions for entry into the transaction : -None

(11) Opinion of the Board of Directors concerning the decision to enter into the transaction

The Board of Directors has expressed their opinion that the investment in the construction of a wastewater evaporation plant “EVAPORATOR SYSTEM FOR BIO METHANATED SPENT WASH 3,000 M3/DAY” is reasonable and beneficial to the Company and all related stakeholders.

(12) Opinion of the Company’s Audit Committee and/or directors which differ from the opinions of the Board of Directors in Clause 11 : -None

2.Nature of Business

Revenue Structure

Type of incomes	2015		2016		2017	
	Million baht	Per cent	Million baht	Per cent	Million baht	Percent
Revenue from sales - Denatured ethanol ¹⁾	2,600.32	99.91	2,415.07	99.86	2,470.52	99.91
Total revenue from sales	2,600.32	99.91	2,415.07	99.86	2,470.52	99.91
Other revenues ²⁾	2.25	0.09	3.28	0.14	2.24	0.09
Total revenue	2,602.57	100.00	2,418.35	100.00	2,472.76	100.00

Remarks: 1) Revenue from the sale of denatured ethanol was generated by the sale of ethanol in the ratio of 99.5%, together with gasoline/gasohol in the ratio of 0.5%, according to the Excise Department’s regulations for the distribution of ethanol used as fuel.

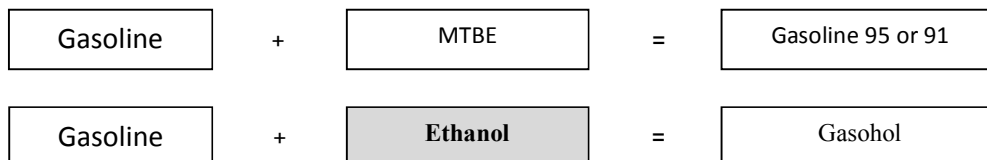
2) Other revenues include revenues from the sales of fusel oil, asset, and interest income.

Product features

Ethanol

Ethanol is the company's main product. Also known as ethyl alcohol, ethanol is a form of alcohol obtained from the processing of agricultural crops that contain starch and sugar. Molasses, cassava, and corn are the major raw materials in the production of ethanol. Biodegradation and fermentation process are applied to convert starch into sugar. The outcome will be distilled until it has a purity of 99.5% by volume.

Ethanol has C_2H_5OH as its molecular formula. Its boiling point is 78 degree Celsius. This flammable, colourless transparent liquid is known as a fuel with higher octane rating as it contains 35% oxygen and can replace MTBE (Methyl Tertiary Butyl Ether), an additive to boost octane in gasoline. As MTBE causes carbon monoxide and leaves residues that can contaminate the groundwater, ethanol can be a good substitution when blending with gasoline in an appropriate ratio to produce the clean gasohol fuel. Completely burned, gasohol helps to reduce air pollution. It can reduce the amount of hydrocarbons, carbon monoxide (CO), and carbon dioxide (CO₂), the main factor that contribute to the greenhouse effect. Black smoke, aromatic compounds and benzene compounds can be minimized as well for the benefit of the environment.

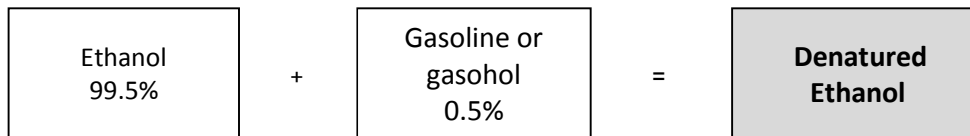


Ethanol production process at Thai Agro Energy is divided into two production lines:

	Production Line 1	Production Line 2
Raw materials	Molasses	Molasses or cassava
Installed capacity	165,000 liters/day	200,000 liters/day
Commencement	31 January 2005	2 April 2012

Regulated by Excise Department, the company can trade only denatured ethanol which is the ethanol to be used in the gasoline mixture in the process to produce gasohol, with conversion formulas determined by the department (as defined by the announcement of Department of Energy Business on Specification of Denatured Ethanol B.E. 2543).

The company had used ethanol and gasoline 91 in the mixture to produce denatured ethanol until the bereavement of this gasoline type in the Thai market. To this end, the company now use gasohol 91 in the mixture. The company uses 0.5% gasoline or gasohol to mix with 99.5% ethanol in the production of denatured ethanol for sale to customers.



The denatured ethanol produced and distributed by Thai Agro Energy is a quality product according to the standards set by the Department of Energy Business. The company's quality control department examines the quality of ethanol production on a daily basis.

Recognized the first licensed ethanol producer in Thailand, Thai Agro Energy was certified a fuel trader under Section 10 of the Fuel Trade Act B.E. 2543 on 29 April 2005. Section 10 covers the fuel traders whose commercial volumes of each oil type or a combination of all kinds of oil per year are less than to 100,000 metric tons (approximately 120 million liters).

Promoted by the Board of Investment, the company has enjoyed several incentives. According to Investment Promotion Act B.E. 2520, the incentives include:

Facts	Production Line 1	ProductionLine 2
Investment promotion certificate no	1760(2)/2546	2078(9)/2551
Promoted product	Pure alcohol	Pure alcohol
Production volumes exempted from tax	54,750,000 litres (working time 24 hrs./day : 365 days/year)	66,000,000 litres (working time 24 hrs./day : 330 days/year)
Commencement of revenue	31 January 2005	2 April 2012
Expiry dates of benefits received.	30 January 2013	1 April 2020
Tax incentives		
1. Corporate income tax exemption for profits generated from the promoted operations. Able to exclude dividends, received from the operations that are exempted from corporate income tax, from the tax calculation throughout the duration of the corporate income tax exemption.	8 years from the date on which the revenue can be earned from the promoted operations (Expired 30 Jan 2013)	8 years from the date on which the revenue can be earned from the promoted operations
2. Permission for the annual loss, incurred during the income tax exemption period, to be deducted from the net profit risen after the expiry of the tax exemption term.	5 years after the expiry date of the tax exemption period.	5 years after the expiry date of the tax exemption period.
3. Exemption from import duty on raw and other essential materials procured from abroad for production of export products:	1 year from the date of first import	1 year from the date of first import
4. Exemption from import duty on machinery following the Bol's approval	✓	✓

Besides, The company has been certified Quality Management System ISO 9001:2008 and Environmental Management System ISO 14001: 2004 certifications from UKAS, England. This is a solid proof to indicate that the company is seriously aware of the environment issue. Fully equipped with good environmental management system and facilities to control the production process, the company has implemented plans to reduce or prevent any clearly-seen environmental impact to meet the standards set.

(2) Raw materials and by-products

Apart from the key ethanol product, the company benefits from Fusel Oil, a by-product derived from ethanol distillation. Fusel oil contains many forms of alcohol. After isolation of alcohol by distillation, the material is forwarded through a purification process to produce fusel alcohol, the type that is used as solvent in various industries, including perfume, resins, plastics, lacquers, and inks. Fusel oil derived from the company's production process accounts around 200 litres per day.

Shareholders

List of 10 major shareholders of the company. As of March 2, 2018, the list is as follows

Shareholder names	Number of shares	Per cent
1. Lanna Resources Public Company Limited ²⁾	510,000,000	51.00
2. Siam City Cement Public Company Limited	47,234,796	4.72
3. Sirirangsi Group		
3.1 Mr.Kraisi Sirirangsi	41,200,000	4.12
3.2 Mrs.Vassana Sirirangsi	4,100,000	0.41
Total shares held by Sirirangsi Group	45,300,000	4.53
4. Chaturaphruek Group		
4.1 Mr.Bunsin Chaturaphruek	12,109,980	1.21
4.2 Mrs. Hang Chaturaphruek	16,113,213	1.61
4.3 Mr. Manunsom Chaturaphruek	18,733	0.00
Total shares held by Chaturaphruek Group	28,241,926	2.82
5. Limwathanagura Group		
5.1 Mr. Somchit Limwathanagura	28,322,657	2.83
5.2 Mr. Noppadon Limwathanagura	1,619,200	0.16
Total shares held by Limwathanagura Group	29,941,857	2.99
6. Tantisunthon Group		
6.1 Mr. Wisit Tantisunthon	16,346,400	1.63
6.2 Mr.Tawee Tantisunthon	53,415	0.005
6.3 Miss Vanida Tantisunthon	31,500	0.003
Total shares held by Tantisunthon Group	16,431,315	1.64
7. Susangkornkarn Group		
7.1 Miss Kun Susangkornkarn	5,131,500	0.51
7.2 Mr. Kan Susangkornkarn	2,980,600	0.30
Total shares held by Susangkornkarn Group	8,112,100	0.81
8. Miss Phanni Srisawat	8,100,000	0.81
9. Louharanoo Group		
9.1 Mr.Anun Louharanoo	4,771,895	0.48
9.2 Mr. Arkhom Louharanoo	2,000,000	0.20
Total shares held by Louharanoo Group	6,771,895	0.68
10. Mr. Wasin Patikulset	6,120,000	0.61
Total	706,253,889	70.63

Board of Directors

The Board of Directors comprises a total of 10 members

Name of Director	Position
1. Mr.Visith Noiphan	Chairman
2. Mr.Suroj Subhasavasdikul*	Vice Chairman and Authorised Signatory
3. Mr.Kraisi Sirirungsi*	Vice Chairman and Authorised Signatory
4. Mr.Anun Louharanoo*	Director and Authorised Signatory
5. Mr.Somchit Limwathanagura	Director and Authorised Signatory
6. Mr.Srihasak Arirachakaran*	Director and Authorised Signatory
7. Mr.Somchai Lovisuth	Director and Authorised Signatory, and Chief Executive Officer
8. Mr.Padetpai Meekun-im	Director and member of AuditCommittee
9. Mr.Virach Aphimeteetamrong	Director and member of AuditCommittee
10. Mr.Satit Chanjavanakul	Director and member of AuditCommittee

Remark: * Directors of the Board No. 2-4 and No. 6 are directors who are representatives of Lanna Resources Public Company Limited.

Executive Team

The company has a total of six executive members.

Name-Surname	Position
1. Mr.Somchai Lovisuth	Chief Executive Officer
2. Mr.Somtawin Boonbanyen	Deputy Chief Executive Officer
3. Miss Kanyaphat Chinandej	Marketing and Sourcing Director
4. Mrs.Somrudee Suwannaroop	Administrative Officer Director
5. Mr.Anan Rayaruji	Assistant Plant Director
6. Mr. Korn Tangviroon*	Assistant Plant Director

Summary of financial position and results of operations Consolidated Statements of Financial Position Years 2015-2017

Financial position	2015		2016		2017	
	Baht million	Per cent	Baht million	Per cent	Baht million	Per cent
Assets						
<i>Current assets</i>						
Cash and cash equivalent	9.10	0.28	37.05	1.15	35.31	1.25
Current investments – open fund	0.78	0.02	0.96	0.03	1.02	0.04
Trade & Other receivable	201.71	6.22	165.55	5.13	212.81	7.52
Inventories	137.61	4.25	126.11	3.91	122.90	4.34
Advance payments for Purchase of goods	578.13	17.84	543.60	16.85	38.42	1.36
Current tax assets	-	-	-	-	9.56	0.34
Other current assets	20.64	0.64	31.99	1.00	4.53	0.16
<i>Total current assets</i>	947.97	29.25	905.26	28.07	242.55	15.00
<i>Non-current assets</i>						
Property, plant, and equipment	2,286.82	70.55	2,314.39	71.76	2,398.32	84.74
Intangible assets	2.96	0.09	2.35	0.07	1.87	0.07
Deferred tax assets	2.81	0.09	2.48	0.08	3.46	0.12
Other non-current assets	0.72	0.02	0.70	0.02	2.09	0.07
<i>Total non-current assets</i>	2,293.31	70.75	2,319.92	71.93	2,405.74	85.00
Total assets	3,241.28	100.00	3,225.18	100.00	2,830.29	100.00
<i>Liabilities and shareholders' equity</i>						
<i>current liabilities</i>						
Short-term loans from financial institutions	964.93	29.77	986.64	30.59	899.07	31.77
Trade and other payables	67.91	2.10	182.33	5.65	159.81	5.65
Income taxes payable	2.50	0.08	1.16	0.04	-	-
Current portion of liabilities under finance lease agreements	1.45	0.04	2.80	0.09	3.25	0.11
Current portion of long-term loans	180.00	5.55	180.00	5.58	117.76	4.16
Provision for short-term employee benefits	2.76	0.09	2.55	0.08	4.09	0.14
Other current liabilities	15.26	0.47	14.91	0.46	13.55	0.48
<i>Total current liabilities</i>	1,234.81	38.10	1,370.39	42.49	1,197.53	42.31
<i>Non-current liabilities</i>						
Liabilities under finance lease agreements - net of current portion	4.09	0.13	3.96	0.12	2.58	0.09
Long-term loans - net of current portion	297.76	9.19	117.76	3.65	-	-
Provision for long-term employee benefits	1.07	0.03	1.43	0.05	2.27	0.08
<i>Total non-current liabilities</i>	302.92	9.35	123.15	3.82	4.85	0.17
Total liabilities	1,537.73	47.44	1,493.54	46.31	1,202.38	42.48
Shareholders' equity						

Financial position	2015		2016		2017	
	Baht million	Per cent	Baht million	Per cent	Baht million	Per cent
Share capital						
Registered	1,000.00	30.85	1,000.00	31.01	1,000.00	35.33
Issued and fully paid up	1,000.00	30.85	1,000.00	31.01	1,000.00	35.33
Share premium	188.79	5.82	188.79	5.85	188.79	6.67
Capital reserve for share-based payment transactions	0.56	0.02	0.56	0.02	0.56	0.02
Retained Earnings						
Appropriated – statutory reserve	100.00	3.09	100.00	3.10	100.00	3.53
Appropriated – general reserve	-	-	-	-	192.00	6.78
Unappropriated	414.19	12.78	442.29	13.71	146.56	5.18
<i>Total shareholders' equity</i>	<i>1,703.55</i>	<i>52.56</i>	<i>1,731.64</i>	<i>53.69</i>	<i>1,627.91</i>	<i>57.52</i>
<i>Total liabilities and shareholders' equity</i>	<i>3,241.28</i>	<i>100.00</i>	<i>3,225.18</i>	<i>100.00</i>	<i>2,830.29</i>	<i>100.00</i>

Statement of Comprehensive Income Years 2015-2017

Operational results	2015		2016		2017	
	Baht million	Per cent	Baht million	Per cent	Baht million	Per cent
<u>Income</u>						
Sales	2,600.32	99.91	2,415.07	99.86	2,470.52	99.91
Other incomes	2.25	0.09	3.28	0.14	2.24	0.09
Total revenues	2,602.57	100.00	2,418.35	100.00	2,472.76	100.00
<u>Costs and expenses</u>						
Cost of sales	2,244.29	86.23	2,111.84	87.33	2,219.67	89.76
Selling expenses	9.93	0.38	9.52	0.39	7.15	0.29
Administrative expenses	38.30	1.47	68.16	2.82	91.41	3.70
Loss from flood event	-	-	-	-	73.32	2.97
Total expenses	2,292.52	88.09	2,189.52	90.54	2,391.55	96.72
Profit (loss) before financial expenses.	310.05	11.91	228.83	9.46	81.21	3.28
Financial expenses	50.06	1.92	37.79	1.56	32.85	1.33
Profit before income tax expense	259.99	9.99	191.04	7.90	48.36	1.96
Income tax expenses	(15.72)	(0.60)	(12.94)	(0.54)	0.50	0.02
Profit for the year	244.27	9.39	178.10	7.36	48.86	1.98
Earnings per share (Fully Diluted) (Baht)	0.24	-	0.18	-	0.05	-
Earnings per share (Weighted Average) (Baht)	0.24	-	0.18	-	0.05	-
Par value (Baht)	1.00	-	1.00	-	1.00	-

Statements of Retained Earnings Years 2015-2017

(Unit: Million Baht)

Operational results	2015	2016	2017
Earnings (Deficit) unappropriated quoted	319.82	414.19	442.29
Profit for the year	244.27	178.10	48.86
Profit (loss) other comprehensive income for the year	0.10	-	(2.59)
Profit for allocation	564.19	592.29	488.56
Less dividends paid	(150.00)	(150.00)	(150.00)
Legal Reserve	-	-	-
General reserve	-	-	(192.00)
Earnings (Deficit) unappropriated forward	414.19	442.29	146.56

Statements of Cash Flows Years 2015-2017

(Unit: Million Baht)

Operational results	2015	2016	2017
<u>Cash flow from operating activities</u>			
Profit before tax	259.99	191.04	48.36
Adjustments to reconcile profit before tax to net cash provided			
By (paid from) operating activities			
Depreciation and amortization	121.92	125.47	146.58
Reduction of inventory to net realizable value	-	-	0.55
Gain on sales of property, plant, and equipment	(0.56)	(0.52)	-
Gain on sales of current investments	(0.34)	(0.19)	(0.06)
Loss on write-off machinery, equipments and intangible assets	0.29	0.58	0.23
Provision for long-term employee benefits	0.42	1.28	0.39
Allowance for impairment in advance payments for cassava chips	-	6.87	-
Interest income	(0.17)	(0.16)	(0.17)
Interest expense	49.86	37.62	32.64
Profit from operations activities before changes in operating assets and liabilities	431.41	361.99	228.52
Operating assets (increase) decrease			
Trade and other receivables	(11.58)	36.17	(47.27)
Inventories	(24.14)	11.50	2.65
Advance payment for purchase for goods	51.10	27.65	505.18
Other current assets	15.65	(11.35)	27.47
Other non-current assets	(0.22)	0.02	(1.38)
Operating liabilities increase (decrease)			
Trade and other payables	(56.79)	87.14	(29.00)
Other current liabilities	3.20	(1.36)	(0.54)
Provision for long-term employee benefits	-	(1.13)	(1.25)
Cash from operating activities	408.63	510.63	684.38
Cash received from interest income	0.17	0.15	0.17
Cash paid for interest payments	(49.50)	(36.10)	(33.04)
Cash paid for income tax	(3.10)	(13.94)	(10.55)
Net cash from operating activities	356.20	460.74	640.96
<u>Cash flow from investing activities</u>			
Acquisitions of property, plant and equipment	(43.08)	(122.10)	(221.63)
Acquisitions of current investments	(692.00)	(565.00)	(150.00)
Acquisitions of intangible assets	(1.72)	(0.18)	(0.16)

Operational results	2015	2016	2017
Proceeds from sales of current investments	692.00	565.00	150.00
Cash receipt from government grants	4.87	-	-
Proceeds from sales of property, plant and equipment	0.56	0.52	-
Net cash provided by (used in) investing activities	(39.37)	(121.76)	(221.79)
Cash flows from financing activities			
Increase in short-term loans from financial institution (Decrease)	1.79	21.70	(87.57)
Repayment of long-term loans	(180.00)	(180.00)	(180.00)
Cash paid for liabilities under finance lease agreements	(1.78)	(2.73)	(3.34)
Cash paid for dividend	(150.00)	(150.00)	(150.00)
Net cash used in financing activities	(329.99)	(311.03)	(420.91)
Net increase (decrease) in cash and cash equivalents	(13.16)	27.95	(1.74)
Cash and cash equivalents at beginning of year	22.26	9.10	37.05
Cash and cash equivalents at end of year	9.10	37.05	35.31

Summary of key financial ratios

Ratio	Measurement	2015	2016	2017
<u>Current ratio</u>				
Current ratio	Times	0.77	0.66	0.35
Quick ratio	Times	0.17	0.15	0.21
Cash flow ratio	Times	0.28	0.35	0.50
Accounts receivable turnover ratio	Times	13.11	13.15	13.06
The average collection period	Days	27.46	27.37	27.57
Turnover of goods	Times	174.91	171.38	173.94
The average sale period finished products	Days	2.06	2.10	2.07
Payable turnover ratio	Times	25.27	20.73	17.47
Repayment period	Days	14.25	17.37	20.61
Cash Cycle	Days	15.27	12.11	9.03
<u>Ratio of ability to make profits</u>				
Gross margin	%	13.69	12.56	10.15
Operating margin	%	11.84	9.34	3.20
Other profit margins	%	0.09	0.14	0.09
Net profits margin	%	9.39	7.36	1.98
Return on equity	%	14.75	10.37	2.91
<u>Ratio of operating performance</u>				
Ratio of return on assets	%	7.37	5.51	1.61
Return on fixed assets	%	15.72	13.20	8.29
Turnover of Assets	Time	0.79	0.75	0.82
<u>Financial policy ratio</u>				
Ratio of debt to equity	Time	0.90	0.86	0.74
Interest coverage ratio	Time	8.43	13.53	20.50
Obligations coverage ratio -Cash basis.	Time	1.11	1.13	1.24
Dividend payout	%	61.41	84.22	307.02

OVERALL PERFORMANCE

The Company's revenue of the year 2017 was Baht 2,472.76 million, increased by 2.25 percent from the previous year. This was due to the selling price of ethanol increased by 10.48 percent. While the net profit in year 2017 was Baht 48.86 million, decreased by 72.57 percent mainly was due to the price of molasses increased by 10 percent from the previous year, which was affected by the severe drought.

In early October 2017, there was heavy and continuous rainfall that weakened the structure of the earthen dyke causing to give way, thus resulting in the leak of treated vinasse overflowing into the residential and some agricultural areas around the factory. As a result, the company inevitably stopped production in October and November in order to restore the damaged earthen dyke. The company resumed the production in October 2017 after the restoration was completed and compensation for damages to properties was made.

Revenue	Year 2017		Year 2016		Increase (Decrease)	
	Baht Million	%	Baht Million	%	Baht Million	%
Revenue from Ethanol Business	2,470.52	99.91	2,415.07	99.86	55.45	2.30
Other Revenue	2.24	0.09	3.28	0.14	(1.04)	(31.71)
Total Revenue	2,472.76	100.00	2,418.35	100.00	54.41	2.25

REVENUE:

The Company's total revenue in year 2017 was Baht 2,472.76 million, increased from the previous year by Baht 54.41 million or 2.25 percent, due to the following reasons.

(1) **The revenue from ethanol** sales was Baht 2,470.52 million or 99.91 percent of total revenue, increased by Baht 55.45 million or 2.30 percent from the same period last year due to the increase of ethanol selling price as explained above.

(2) The other revenue was Baht 2.24 million or 0.09 percent of total revenue, decreased by Baht 1.04 million or 31.71 percent from the same period of last year. This was due to the income from the sales of **Assets and Fusel Oil**.

Expenses	Year 2017		Year 2016		Increase (Decrease)	
	Baht Million	% Sale	Baht Million	% Sale	Baht Million	% Sale
Cost of sale	2,219.67	89.85	2,111.84	87.44	107.83	5.11
Selling and administrative expense	98.56	3.99	77.68	3.22	20.88	26.88
Loss from flood event	73.32	2.97	-	-	73.32	-
Financial cost	32.85	1.33	37.79	1.56	(4.94)	(13.07)
Income tax expense	(0.05)	(0.02)	12.94	0.54	(13.44)	(103.86)
Total Expenses	2,423.90	98.11	2,240.25	92.76	183.65	8.20

EXPENSES

(1) The Company's expenses in year 2017 was Baht 2,423.90 million, increased by Baht 183.65 million or 8.20 percent from the previous year, due to the following reasons;

(2) Cost of ethanol sales in year 2017 increased by Baht 107.83 million or 5.11 percent from the previous year, caused by the rise in raw material prices over last year.

(3) Selling and administrative expenses in year 2017 increased by Baht 20.88 million or 26.88 percent from the previous year. This was due to the production costs during production disruption were transferred to selling and administrative expenses.

(4) Loss from flood event in year 2017 was Baht 73.32 million. This was due to the company paid compensation for damage to people who were affected by the treated vinasse leakage.

(5) Financial expenses in year 2017 decreased by Baht 4.94 million or 13.07 percent from the previous year. This was due to short term and long term loan repayment.

(6) Profit from ethanol business in year 2016 for production line No.2, was exempted from corporate income tax on the earnings from the ethanol business as an privilege received the Board of Investment Promotion, B.E. 2520. However corporate income tax for production line No.1 decreased by Baht 13.44 million or 103.86 percent since the investment promotion has already expired.

Gross Profit	Year 2017		Year 2016	
	Baht Million	%	Baht Million	%
Revenue from sales	2,470.52	100.00	2,415.07	100.00
Less cost of sales	2,219.67	89.85	2,111.84	87.44
Gross Profit	250.85	10.15	303.23	12.56

GROSS PROFIT

The Company's gross profit in year 2017 was Baht 250.85 million or 10.15 percent of the sales revenue, as compared with the gross profit of Baht 303.23 million or 12.56 percent of the sales revenue in the previous year. This was due to an increase in cost of sales as described above.

EBITDA AND EBITDA MARGIN (Baht Million)	Year 2017	Year 2016*	Increase (Decrease)	%
EBITDA	227.79	354.30	(126.51)	(35.71)
EBITDA MARGIN	9.21	14.65	(5.44)	-

EBITDA & EBITDA MARGIN

The Company's EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) in year 2017 was Baht 227.79 million, a decrease from the previous year by 35.71 percent. The Company's EBITDA MARGIN in year 2017 was 9.21 percent of the total revenues, a decreased by 5.44 percent from the previous year. (*Year 2016: EBITDA was Baht 353.62 million and EBITDA MARGIN was 14.62 percent, due to using only Interest expense in the calculation. While Year 2017 use financial cost to calculate.)

NET PROFIT & NET PROFIT MARGIN (Baht Million)	Year 2017	Year 2016	Increase (Decrease)	%
NET PROFIT	48.86	178.10	(129.24)	(72.57)
NET PROFIT PER SHARE (BAHT)	0.05	0.18	(0.13)	(72.22)
NET PROFIT MARGIN	1.97	7.36	(5.39)	-
Remark: Registered per value of Baht 1 per share				

NET PROFIT

The Company's net profit in year 2017 was Baht 48.86 million or net earnings of Baht 0.05 per share. When compared with the same period of last year, the net profit decreased by 72.57 percent due to the floods mentioned above. The Company's net profit margin in year 2017 was 1.97 percent of the total revenues, a decrease by 5.39 percent as compared with the same period of last year.

Financial Position	Unit: Million Baht		Increase (Decrease)	
	As at December 31, 2017	As at December 31, 2016	Million Baht	%
Total Assets	2,830.29	3,225.18	(394.89)	(12.24)
Total Liabilities	1,202.38	1,493.53	(291.15)	(19.49)
Total Shareholder's Equity	1,627.91	1,731.65	(103.74)	(5.99)
Book Value-Baht per Share	1.63	1.73	(0.10)	(5.78)
Remark: Registered per value of Baht 1 per share				

STATEMENT OF FINANCIAL POSITION:

ASSETS: The Company's total assets as at December 31, 2017 decreased from the end of 2016 by Baht 394.89 million or a decrease of 12.24 percent. The total assets consisting of:

(1) Current assets decreased from the end of 2016 by Baht 480.71 million or a decrease of 53.10 percent, due to (A) cash and cash equivalent decreased from the year end 2016 by Baht 1.74 million or 4.70 percent; (B) Current investments increased by Baht 0.66 million or an increase of 6.25 percent. (C) trade accounts receivable and other receivables decreased from the year end 2016 by Baht 47.26 million or an decrease of 28.55 percent; (D) inventories decreased from the end of 2016 by Baht 3.21 million or an decrease of 2.55 percent, most of which were molasses, (E) advances payment for purchase goods decreased by Baht 505.18 million or a decrease of 92.93 percent, and (F) other current assets decreased by Baht 17.90 million or a decrease of 55.95 percent.

(2) Non-current assets increased from the year end 2017 by Baht 85.82 million or an increase of 3.70 percent, due to (A) land plant, and equipment increased from the year end 2016 by 83.93 million or 3.63 percent, (B) Other non-current assets increased by Baht 1.89 million or a decrease of 34.18 percent.

LIABILITIES: The Company's total liabilities as at December 31, 2017 decreased from the year end 2016 by Baht 291.15 million or a decrease of 19.49 percent, consisting of: (A) Trade accounts payable and other accounts payable decreased from the year end 2016 by Baht 22.52 million or a decrease of 12.35 percent, most of which were molasses cost. (B) Short term and long term loans decreased by Baht 267.56 million or a decrease of 20.83 percent, due to loan repayment, and (C) Other liabilities decreased by Baht 1.07 million or 3.99 percent.

TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company as at December 31, 2017 decreased from the year end 2016 by Baht 103.74 million or 5.99 percent, the share's book value decreased from Baht 1.73 per share to Baht 1.63 per share, due to the decrease of company net profit.

Cash Flows	Unit: Million Baht	
	Year 2017	Year 2016
Cash Flows from (used in) Operating Activities	640.96	460.74
Cash Flows from (used in) Investing Activities	(221.79)	(121.76)
Cash Flows from (used in) Financing Activities	(420.91)	(311.03)
Net Increase (Decrease) in Cash	(1.74)	27.95
Cash at the Beginning of the Period	37.05	9.10
Cash at the End of the Period	35.31	37.05

CASH FLOWS

(1) The Company's net cash used in operating activities in year 2017 was Baht 640.96 million, consisting of: (A) income before corporate income tax at Baht 48.36 million; (B) Non cash items such as the depreciation amounted to Baht 180.16 million; (C) a decrease in operating assets of Baht 486.65 million due to an increase in trade and other receivables and inventories while advance payments for purchase of goods and current assets decreased; (D) a decrease in operating liabilities at Baht 30.79 million due to decreased in account and other payable, provision for long-term employees benefits and other current liabilities. (E) Interest income at Baht 0.17 million baht; (F) interest expense at Baht 33.04 million, and (G) Corporate income tax at 10.55 million.

(2) The Company's net cash used in investment activities in year 2017 was Baht 221.79 million, most of which were machinery, equipment of Hydrogen Sulfide Treatment Plant and support for productivity projects.

(3) The Company's net cash used in financing activities in year 2017 was Baht 420.91 million which included (A) short-term loan at Baht 87.57 million, (B) long-term loan repayment at Baht 180.00 million (C) financial leases repayment at Baht 3.34 million, and (D) dividend payment at Baht 150.00 million.

DEBT OBLIGATION

The company has obligation according to the terms and conditions of the loan agreement with a local commercial bank as follows.

(1) The company must maintain its debt to equity ratio (D/E ratio) not to exceed 2 times and debt service coverage ratio (DSCR) of no less than 1.25 time in next years until the end of loan agreement, the floods made the company unable to maintain DSCR ratio under the terms of the loan agreement. However, the lending bank has waived the conditions for the year ended December 31, 2017 to the Company.

(2) The lending bank has determined that Lanna Resources Public Co., Ltd. (Lanna) must maintain its shareholding proportion in TAE of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, Lanna has no plan to decrease its shareholding proportion in TAE to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the company cannot pay dividend to its shareholders, including Lanna, if the company cannot comply with the conditions as stipulated within the loan agreement, such as the maintaining of D/E ratio, DSCR, and maintaining of shareholding proportion of Lanna in the company, etc. Accordingly, the company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

IMPACT TO FUTURE OPERATIONS

The Department of Energy Business (DOEB) is currently reviewing the phasing out of gasohol 91 in the oil retailing market nationwide. Once gasohol 91 is phased out, the use of E20 gasohol is expected to increase thus resulting in higher ethanol demand. Meanwhile, the world's crude oil price is expected to rise in year 2018. This is an important factor that benefits the ethanol industry as a whole. However, competition amongst ethanol producers is expected to be stronger as supply still surpasses demand. Nevertheless, the company continues to enhance the competitiveness by improving the efficiency of production and decreasing the production cost in order to sustain the business growth and the dividend policy.

LITIGATION

In September 2011, a company sued the Company for its alleged non-compliance with the cassava chip purchase agreement dated 21 January 2011 and memorandum dated 29 April 2011, claiming a compensation for damage of Baht 186.9 million. On 8 November 2011, the Company submitted the testimony and countersued that company, claiming a compensation for damage of Baht 82.4 million. Subsequently, on 9 October 2014, the Civil Court dismissed the lawsuit filed by that company and ordered it to make payments for purchases of cassava chip that the Company paid in advance of Baht 6.9 million which together with interest expense of 7.5 percent per annum, calculated from 8 November 2014 (the countersue date) until completion of payment. In addition, that company shall pay for charges and partial lawyer fee for the Company. However, on 3 December 2014, the Company lodged an appeal with the Court of Appeal. On 9 February 2016, the Appeal Court affirmed the judgment of the Civil Court.

Subsequently, on 7 April 2016, the Company lodged an appeal with the Supreme Court. Presently, the case is under consideration of the Supreme Court. As at 31 December 2017, the Company has not received such payment; therefore, the Company recorded allowance for impairment in advance paid to that company for a whole amount.

THE STATEMENT RELATING TO THE RESPONSIBILITY OF DIRECTORS WITH RESPECT TO THE INFORMATION IN DOCUMENTS SENT TO THE SHAREHOLDERS

The Board of Directors takes responsibilities on the information specified in these information memorandum. In this regard, directors have carefully verified the information in this information memorandum and certified that there is no false statement and no material information which is required to be specified in the memorandum is neglected. Also, there is no statement which may cause misunderstanding to the shareholders.