

## **REVIEW INTERIM REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Shareholders of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

I have reviewed the accompanying consolidated and the Company balance sheets as at January 31, 2005, the related consolidated and the Company statements of income, changes in shareholders' equity and cash flows for the three-month period ended on January 31, 2005, of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also the financial statements of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to report on these financial statements based on my review.

I conducted my review in accordance with the auditing standards applicable to review engagements. These standards require that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, I do not express an opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Another auditor in the same auditing firm audited the consolidated and the Company financial statements for the year ended on October 31, 2004 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiaries and also the financial statements of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only in accordance with generally accepted auditing standards who gave a qualified opinion relating to non-observation of the inventory counting as at the ending of year 2002 thereon dated November 26, 2004. The related consolidated and the Company balance sheets as at October 31, 2004 as presented herein for comparison purpose are an integral part of such financial statements.

Apart from this, the related consolidated and the Company statements of income, changes in shareholders' equity and cash-flow for the three-month period ended on January 31, 2004 of KHON KEAN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiaries and also the financial statements of KHON KEAN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only as presented herein for comparison purpose were reviewed by another auditor in the same auditing firm who gave a qualified opinion relating to the comparison related Company statement of income, changes in shareholders' equity and cash-flow and the financial statements of 3 of its subsidiary companies, of which included in the consolidated financial statements were not reviewed by an auditor as reported thereon dated March 29, 2004.

SAM NAK-NGAN A.M.C. CO.,LTD.

( Miss Praphasri Leelasupha )

Certified Public Accountant Registration No. 4664

Bangkok,

March 11, 2005.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT JANUARY 31, 2005 AND OCTOBER 31, 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash at Bank	162,863	331,867	70,862	51,027
Short-Term Investments	90,000	166,500	-	-
Trade Accounts and Notes Receivable - Subsidiary and Related Companies (Notes 3.1,4)	105	2,389	56,719	7,955
Trade Accounts and Notes Receivable (Note 5)	120,489	134,532	69,571	100,003
Farmer Accounts Receivable -Net (Note 6)	169,178	106,740	46,828	19,898
Short-Term Loans due from Subsidiaries, Related Party and Related Companies (Note 3.1)	103,620	122,322	25,686	25,738
Short-Term Loan due from Other Company	1,077	2,796	1,077	2,796
Short-Term Loan due from Farmers (Note 7)	305,178	296,462	119,964	23,989
Inventories (Note 8)	2,853,345	652,871	1,539,080	351,895
Supplies-Net (Note 9)	192,837	180,635	91,718	89,304
Dividend Receivable	-	-	69,943	-
Other Current Assets	38,824	66,668	14,629	43,178
<b>TOTAL CURRENT ASSETS</b>	<b>4,037,516</b>	<b>2,063,782</b>	<b>2,106,077</b>	<b>715,783</b>
NON-CURRENT ASSETS				
Investments under Equity Method (Note 10)	48,790	48,747	1,815,007	1,778,899
Other Long-Term Investments-Net (Note 11)	79,276	78,883	52,018	51,628
Investment in Property (Note 12)	60,000	-	-	-
Property, Plant and Equipment-Net (Note 13)	5,665,327	5,545,450	2,245,390	2,187,400
Land not used in Operation	159,892	159,155	123,542	122,804
Obligated Fixed Deposits	35,160	35,134	35,160	35,134
Other Non-Current Assets	28,125	26,012	2,032	2,701
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,076,570</b>	<b>5,893,381</b>	<b>4,273,149</b>	<b>4,178,566</b>
<b>TOTAL ASSETS</b>	<b>10,114,086</b>	<b>7,957,163</b>	<b>6,379,226</b>	<b>4,894,349</b>

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT JANUARY 31, 2005 AND OCTOBER 31, 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Bank Overdrafts and Short-Term Loans from				
Financial Institutions	(Note 14)	1,045,518	446,094	576,266
Trade Accounts and Notes Payable-Subsidiary Companies	(Note 3.1)	-	-	14,963
Trade Accounts and Notes Payable	(Note 15)	1,160,601	382,133	682,517
Current Portion of Long-Term Loans	(Note 17)	142,000	148,600	120,000
Loans due to Subsidiary, Associated and Related Companies	(Note 3.1)	-	-	220,000
Accrued Corporate Income Tax		161,350	66,532	112,886
Dividend Payables		644,038	-	635,231
Advance Received from Customers for Goods		167,598	62,308	65,025
Accrued Stabilization Function Payment	(Note 16)	21,417	21,417	10,726
Accrued Manufacturing Expenses		405,433	-	231,652
Other Accrued Expenses		28,145	47,202	11,772
Other Payables		197,495	144,312	39,155
Other Current Liabilities		48,130	48,918	17,553
TOTAL CURRENT LIABILITIES		<u>4,021,725</u>	<u>1,367,516</u>	<u>2,737,746</u>
NON-CURRENT LIABILITIES				
Long-Term Loans	(Note 17)	121,600	181,600	95,000
Other Non-Current Liabilities		18,714	15,899	8,707
TOTAL NON-CURRENT LIABILITIES		<u>140,314</u>	<u>197,499</u>	<u>103,707</u>
TOTAL LIABILITIES		<u>4,162,039</u>	<u>1,565,015</u>	<u>2,841,453</u>

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## BALANCE SHEETS

AS AT JANUARY 31, 2005 AND OCTOBER 31, 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
SHAREHOLDERS' EQUITY				
Share Capital		(Note 18)		
Authorized Share Capital :				
1,600,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,600,000	1,600,000	1,600,000	1,600,000
Issued and Paid-Up Shares Capital				
1,270,462,080 Ordinary Shares @ Baht 1.00 Par Value	1,270,462	1,270,462	1,270,462	1,270,462
Premium on Share Capital	670,462	670,462	670,462	670,462
Revaluation Surplus on Assets-Parent Company	1,065,030	1,080,481	1,065,030	1,080,481
Revaluation Surplus on Assets-Subsidiary Companies	152,510	153,612	152,510	153,612
Surplus from Internal Restructure of Entities under Common Control (Note 19)	1,332,177	1,368,336	-	-
Unrealized Gain on Available for Sale Securities	2,821	2,445	2,821	2,445
Retained Earnings				
Appropriated				
Legal Reserve	74,500	38,100	74,500	38,100
Unappropriated	301,988	727,070	301,988	727,070
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	4,869,950	5,310,968	3,537,773	3,942,632
Minority Shareholders' Equity	1,082,097	1,081,180	-	-
TOTAL SHAREHOLDERS' EQUITY	5,952,047	6,392,148	3,537,773	3,942,632
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,114,086	7,957,163	6,379,226	4,894,349

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## INCOME STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
REVENUES FROM OPERATION				
Sales and Services	918,478	1,313,347	616,726	976,186
Rental Income	7,859	8,138	6,860	7,069
Interest Received and Discount	3,289	3,210	1,249	2,054
Revenue from Sales of Fuel Oil and Cane Harvest	67,826	64,280	28,408	27,989
Participating Profit from Investments in Subsidiary and Associated Companies	43	-	107,182	4,595
Other Income	30,269	21,373	15,430	10,768
TOTAL REVENUES	1,027,764	1,410,348	775,855	1,028,661
EXPENSES FROM OPERATION				
Cost of Sales and Services	454,493	1,068,980	359,262	807,890
Selling and Administrative Expenses	199,471	157,319	108,208	94,620
Directors' Remuneration	8,405	3,156	1,395	797
TOTAL EXPENSES	662,369	1,229,455	468,865	903,307
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	365,395	180,893	306,990	125,354
INTEREST EXPENSES	(5,819)	(10,091)	(4,762)	(4,149)
CORPORATE INCOME TAX	(95,562)	(51,860)	(55,679)	(35,253)
NET PROFIT	264,014	118,942	246,549	85,952
LESS NET PROFIT OF SUBSIDIARY COMPANIES BELONGING TO				
PARENT COMPANY BEFORE SHARE ACQUISITION	-	(22,444)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(17,465)	(10,546)	-	-
NET PROFIT OF PARENT COMPANY	246,549	85,952	246,549	85,952
EARNINGS PER SHARE (UNIT : BAHT)	0.19	0.09	0.19	0.09
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (UNIT : THOUSAND SHARE)	1,270,462	908,054	1,270,462	908,054

**Unaudited**  
**Limited Review Only**

Notes to financial statements are an integral part of the above statements.

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004**

**CONSOLIDATED**

(Unit : Thousand Baht)

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Surplus on Internal Restructure of Entities under Common Control	Unrealized Gain on Available-for-Sale Securities	Retained Earnings		Minority Shareholders' Equity	TOTAL
							Appropriated Legal Reserve	Unappropriated		
Beginning Balance as at October 31, 2004	1,270,462	670,462	1,080,481	153,612	1,368,336	2,445	38,100	727,070	1,081,180	6,392,148
Unrealized Gain on Available for Sale Securities	-	-	-	-	-	376	-	-	-	376
Depreciation-Revaluation Surplus on Assets	-	-	(15,451)	(1,102)	-	-	-	-	-	(16,553)
Decrease in Surplus on Internal Restructure of Entities under Common Control	-	-	-	-	(36,159)	-	-	-	-	(36,159)
Unrealized Transaction in Income Statements	1,270,462	670,462	1,065,030	152,510	1,332,177	2,821	38,100	727,070	1,081,180	6,339,812
Dividend Paid (Note 20)	-	-	-	-	-	-	-	(635,231)	-	(635,231)
Legal Reserve (Note 20)	-	-	-	-	-	-	36,400	(36,400)	-	-
Net Profit for the Period	-	-	-	-	-	-	-	246,549	-	246,549
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	917	917
Ending Balance as at January 31, 2005	1,270,462	670,462	1,065,030	152,510	1,332,177	2,821	74,500	301,988	1,082,097	5,952,047
Beginning Balance as at October 31, 2003	900,000	300,000	404,344	-	-	2,457	24,100	327,922	230,237	2,189,060
Unrealized Gain on Available for Sale Securities	-	-	-	-	-	22	-	-	-	22
Revaluation Surplus on Assets increase during the Period	-	-	716,503	-	-	-	-	-	-	716,503
Depreciation-Revaluation Surplus on Assets	-	-	(28,462)	-	-	-	-	-	-	(28,462)
Increase in Surplus on Internal Restructure of Entities under Common Control	-	-	-	-	1,463,372	-	-	-	-	1,463,372
Unrealized Transaction in Income Statements	900,000	300,000	1,092,385	-	1,463,372	2,479	24,100	327,922	230,237	4,340,495
Capital increase during the Period	370,462	370,462	-	-	-	-	-	-	-	740,924
Dividend Paid	-	-	-	-	-	-	-	(180,000)	-	(180,000)
Legal Reserve	-	-	-	-	-	-	14,000	(14,000)	-	-
Net Profit for the Period	-	-	-	-	-	-	-	85,952	10,546	96,498
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	295,719	295,719
Ending Balance as at January 31, 2004	1,270,462	670,462	1,092,385	-	1,463,372	2,479	38,100	219,874	536,502	5,293,636

**Unaudited**

**Limited Review Only**

Notes to financial statements are an integral part of the above statements.

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004**

**THE COMPANY ONLY**

**(Unit : Thousand Baht)**

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Unrealized Gain on Available-for-Sale Securities	Retained Earnings		TOTAL
						Appropriated Legal Reserve	Unappropriated	
Beginning Balance as at October 31, 2004	1,270,462	670,462	1,080,481	153,612	2,445	38,100	727,070	3,942,632
Unrealized Gain on Available for Sale Securities	-	-	-	-	376	-	-	376
Depreciation-Revaluation Surplus on Assets	-	-	(15,451)	(1,102)	-	-	-	(16,553)
Unrealized Transaction in Income Statements	1,270,462	670,462	1,065,030	152,510	2,821	38,100	727,070	3,926,455
Dividend Paid (Note 20)	-	-	-	-	-	-	(635,231)	(635,231)
Legal Reserve (Note 20)	-	-	-	-	-	36,400	(36,400)	-
Net Profit for the Period	-	-	-	-	-	-	246,549	246,549
Ending Balance as at January 31, 2005	1,270,462	670,462	1,065,030	152,510	2,821	74,500	301,988	3,537,773
Beginning Balance as at October 31, 2003	900,000	300,000	404,344	-	2,457	24,100	327,922	1,958,823
Unrealized Gain on Available for Sale Securities	-	-	-	-	22	-	-	22
Revaluation Surplus on Assets increase during the Period	-	-	716,503	-	-	-	-	716,503
Depreciation-Revaluation Surplus on Assets	-	-	(28,462)	-	-	-	-	(28,462)
Unrealized Transaction in Income Statements	900,000	300,000	1,092,385	-	2,479	24,100	327,922	2,646,886
Capital increase during the Period	370,462	370,462	-	-	-	-	-	740,924
Dividend Paid	-	-	-	-	-	-	(180,000)	(180,000)
Legal Reserve	-	-	-	-	-	14,000	(14,000)	-
Net Profit for the Period	-	-	-	-	-	-	85,952	85,952
Ending Balance as at January 31, 2004	1,270,462	670,462	1,092,385	-	2,479	38,100	219,874	3,293,762

**Unaudited**

**Limited Review Only**

Notes to financial statements are an integral part of the above statements.



## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	246,549	85,952	246,549	85,952
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities				
Doubful Accounts (Reversal) - Farmers Accounts Receivable	(1,414)	(77)	-	(77)
Depreciation	36,714	32,137	21,570	29,407
Amortization of Leasehold Right	372	-	372	-
Amortization of Premium on Bond	19	-	15	-
Loss on Impairment of General Investment (Reversal)	-	(1,470)	-	(1,470)
Unrealized Gain on Exchange Rate	(18)	-	-	-
Gain on Sales of Assets	(35)	(273)	-	(273)
Loss on Sales of General Investments	-	1,470	-	1,470
Loss on Cessation of Using Fixed Assets	-	2,652	-	2,652
Participating Profit from Investments under Equity Method	(43)	-	(107,182)	(4,595)
Equity Participation of Subsidiaries before Share Equisation	-	(1,402)	-	-
Net Profit of Subsidiary Companies before Net Share Acquisition from Subsidiaries' Equity	-	(21,042)	-	-
Net Profit of Subsidiary Companies belonging to Parent Company before Share Acquisition	-	22,444	-	-
Net Profit of Minority Shareholders	17,465	10,546	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	299,609	130,937	161,324	113,066
(Increase)Decrease in Trade Accounts and Notes Receivable-				
Subsidiary and Related Companies	2,284	910,358	(48,764)	(310,688)
(Increase)Decrease in Trade Accounts and Notes Receivable	14,042	(92,739)	30,432	(3,839)
(Increase)Decrease in Farmer Accounts Receivable	(60,774)	(35,464)	(26,930)	(35,464)
(Increase)Decrease in Inventories	(2,200,474)	(374,489)	(1,187,185)	(374,489)
(Increase)Decrease in Supplies	(12,202)	(31,164)	(2,414)	(31,164)
(Increase)Decrease in Other Current Assets	27,594	(6,333)	28,549	(5,578)
(Increase)Decrease in Other Non-Current Assets	(2,485)	(33,879)	297	(33,879)
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiaries				
Companies	-	(948,859)	(34,987)	612,990
Increase(Decrease) in Trade Accounts and Notes Payable	778,468	384,064	427,281	32,144
Increase(Decrease) in Accrued Corporate Income Tax	94,818	38,077	55,303	34,817
Increase(Decrease) in Advance Received from Customers for Goods	105,309	(31,784)	55,652	(31,784)
Increase(Decrease) in Accrued Manufacturing Expenses	405,433	164,806	231,652	164,806
Increase(Decrease) in Other Current Liabilities	33,338	70,308	12,497	(8,962)
Increase(Decrease) in Other Non-Current Liabilities	2,815	1,931	666	2,104
Net Cash Received (Used) from Operating Activities	(512,225)	145,770	(296,627)	124,080

Unaudited

Limited Review Only

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase)Decrease in Short-Term Investments	(7,950)	(4,546)	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiaries, Related Party and Related Companies	18,702	58,386	52	(3,389)
(Increase)Decrease in Short-Term Loans due from Other Companies	1,719	-	1,719	-
(Increase)Decrease in Short-Term Loans due from Farmers	(8,716)	(57,181)	(95,975)	(57,181)
Purchase of a Investments-Subsidiary Companies	-	-	-	(1,276)
Net Cash Received from Purchasing Investments Subsidiary Companies	-	52,752	-	-
Purchase of General Investment	(128)	(4,952)	-	-
Purchase of Property Investment	(60,000)	-	-	-
Sale of General Investment	-	40,498	-	40,498
Purchase of Property, Plant and Equipment	(216,952)	(77,901)	(95,011)	(72,110)
Sale of Property, Plant and Equipment	35	17,800	-	17,800
Purchase of Assets not used in Operation	(737)	(11,156)	(738)	(11,156)
(Increase)Decrease in Other Accounts Receivable-Related Companies	-	90,000	-	90,000
(Increase)Decrease in Obligated Fixed Deposits	(26)	89,950	(26)	89,950
Net Cash Received (Used) from Investing Activities	(274,053)	193,650	(189,979)	93,136
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans from Financial Institutions	599,424	78,299	481,441	80,824
Cash Received from Short-Term Loans from Related Companies	-	-	220,000	-
Cash Payment to Short-Term Loans from Related Companies	-	(77,700)	(135,000)	(17,000)
Cash Payment to Short-Term Loans due from Directors and Shareholders	-	(452,531)	-	(452,531)
Cash Payment to Loan due from Other Companies	-	2,453	-	-
Repayment of Long-Term Loans	(66,600)	(2,886)	(60,000)	-
Cash Received from Long-Term Loan	-	335,000	-	335,000
Dividend Paid to Parent Company's Shareholders	-	(180,000)	-	(180,000)
Increase in Minority Shareholders' Equity from Increased Investment	-	1,225	-	-
Net Cash Received (Used) from Financing Activities	532,824	(296,140)	506,441	(233,707)
Cash and Cash Equivalents Increase(Decease) - Net	(253,454)	43,280	19,835	(16,491)
Cash and Cash Equivalents at the Beginning of the Period	451,367	144,882	51,027	52,920
Cash and Cash Equivalents at the End of the Period (Note 21)	197,913	188,162	70,862	36,429

**Unaudited**  
**Limited Review Only**

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004

Additional Disclosure :

## 1. Cash payment during the period

- Interest Expenses	5,290	14,526	4,793	6,582
- Corporate Income Tax	744	1,935	376	437

## 2. For the quarter ended on January 31, 2005, the Company and its subsidiaries have material items not affecting cash flow as follows:-

- In the consolidated financial statement, the Company written-off the surplus from internal restructure under common control at amount of Baht 36.16 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiaries announced annual dividend payment but not yet due amount of Baht 644.04 million and Baht 635.23 million respectively.
- In the consolidated and the Company's financial statements, the Company and its subsidiaries written-off the depreciations of the revaluation surplus at amount of Baht 60.36 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiaries recognized unrealized gain on revaluation of securities available for sale amounting to Baht 0.38 million.

For the quarter ended on January 31, 2004, the Company and its subsidiaries have material items not affecting cash flow as follows:-

- The Company acquired investments in subsidiary companies at amount of Baht 740.92 million by swapping its common stocks for common stocks of the previous shareholders of the subsidiary companies
- The Company performed a re-valuation of property, plant and equipments, which resulted in the Company increase the asset value at net amount of Baht 688.04 million.
- In the consolidated financial statements, a subsidiary Company performed a re-valuation of the property, plant and equipment prior to purchasing of the investment by the parent company at amount of Baht 1,737.87 million, which showed in the item-surplus from internal restructure of entities under common control.
- A related company transferred its asset to the Company at amount of Baht 182.46 million to repay loan at amount of Baht 158.59 million. The outstanding amount reflected as other account payable – related company at amount of Baht 23.87 million
- In the consolidated and the Company's financial statements, the Company and its subsidiaries recognized unrealized gain on revaluation of securities available for sale amounting to Baht 0.22 million.

Unaudited

Limited Review Only

Notes to financial statements are an integral part of the above statements.

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

## CASH FLOW STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED ON JANUARY 31, 2005 AND 2004

(Unit : Thousand Baht)

3. In the first quarter of year 2004, the Company acquired the subsidiary companies. The market prices of asset acquired and liabilities assumed were as follows: -

- Cash and Cash Equivalents	54,847
- Trade Accounts and Notes Receivable	83,242
- Trade Accounts Receivable-Related Companies	761,218
- Farmer Accounts Receivable -Net	129,615
- Loans due from Farmers	177,423
- Loans due from Related Companies	151,204
- Inventories	819,615
- Other Current Assets	59,562
- Other Long-Term Investments	49,800
- Property, Plant and Equipment-Net	2,572,539
- Land not used in Operation	36,350
- Other Assets	22,043
- Bank Overdrafts and Short-Term Loans from Financial Institutions	(666,874)
- Trade Accounts and Notes Payable	(434,231)
- Trade Accounts and Notes Payable-Related Companies	(779,008)
- Current Portion of Long-Term Loans	(28,600)
- Short-Term Loans due to Related Companies	(90,000)
- Short-Term Loans due to Directors	(2,300)
- Other Short-Term Loan	(4,494)
- Other Current Liabilities	(337,280)
- Long-Term Loans	(26,600)
- Surplus from Internal Restructure of Entities under Common Control	(1,463,371)
- Minority Shareholders' Equity	(295,784)
- Others	59,607
Total Purchase Price	848,523
<u>Less</u> Purchase of Net Investment with Swapped Common Shares	(740,924)
Cash and Cash Equivalents of Subsidiaries on the Acquisition Date	(54,847)
Cash Flow received on Acquisition of Net Investment	52,752

Unaudited

Limited Review Only

Notes to financial statements are an integral part of the above statements.

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED****AND ITS SUBSIDIARY COMPANIES****NOTES TO FINANCIAL STATEMENTS****January 31, 2005 and 2004 (Unaudited/Limited Review Only)****and October 31, 2004 (Audited)**

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**1. Basis of Financial Statement Preparation and Accounting Policies**

1.1 The interim consolidated and the Company financial statements were prepared in accordance with the generally accepted accounting principle in Thailand and shown in the condensed format as determined in the accounting standard No. 41 on the subject of “The Interim Financial Statements” and included additional transactions in the primary financial statements; for instance, balance sheet, income statement, statement of changes in shareholders’ equity and cash flow statement in compliance with the format defined in the announcement of the Department of Commercial Registration (B.E. 2544) on the subject of “Determination of Condensed Transactions” which need to be presented in the financial statements so as to comply with the pronouncement of the Securities and Stock Exchange of Commission and regulations of the Stock Exchange of Thailand.

1.2 The financial statements for the year ended on October 31, 2004 have been reclassified in order to facilitate comparative analysis with those for the three-month period ended on January 31, 2005.

1.3 Significant accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended October 31, 2004, so that these interim financial statements should be read in conjunction with the 2004 annual financial statements.

**2. Basis of Consolidation**

2.1 The consolidated financial statements include the financial statements of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies as follows: -

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Holding</u>			
	<u>2005</u>	<u>2004</u>		
Thai Sugar Terminal Public Co., Ltd.	23.82	23.82	Thailand	Warehousing, locating and silo warehouse rental
New Krung Thai Sugar Industry Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	88.82	88.82	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Industry Co., Ltd.	96.85	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.32	78.32	Thailand	Export sugar as exporting agent
KS Laxmi Co., Ltd.	51.00	51.00	Thailand	Manufacture of ethyl acetic and acetic acid
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Manufacture of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture of alcohol

Although the Company holds shares in the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED by only 23.82 percent, the Company shares in the controlling power of said company. Therefore, it is regarded such company as a subsidiary company in accordance with the definition specified in the accounting standard.

2.2 As at January 31, 2005 and October 31, 2004, investments in subsidiary companies were recorded under equity method. The accounting periods of subsidiary companies end on the same date as the parent company (Accounting period ended on October 31) except the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED, which its accounting period ends on December 31.

2.3 The balances between the Company and its subsidiary companies, investment in subsidiary companies and subsidiary companies' share capital were eliminated from the consolidated financial statement.

### 3. Inter-Transaction between the Related Companies

The Company and its subsidiary companies hold accounting transaction items with the related companies by the same shareholders' group and mutual directors. Significant inter-transactions and remaining balances between the Company and its subsidiaries with related entities and persons could be summarized as follows:-

## 3.1 Inter-Assets and Liabilities

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		January 31, 2005	October 31, 2004	January 31, 2005	October 31, 2004
- Trade Accounts and Notes Receivable – Subsidiary and Related Companies					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	33,656	4,222
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	12,634	3,091
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	10,429	642
Prachaup Industry Co., Ltd.	Related	-	1,233	-	-
Other Related Companies		105	1,156	-	-
Total		105	2,389	56,719	7,955
- Trade Accounts and Notes Payable – Subsidiary Companies					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	14,376	38,266
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	83	2,918
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	496	8,766
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	8	-
Total		-	-	14,963	49,950
- Short-Term Loans due from Subsidiaries, Related Party and Related Companies					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	50,000
Decrease in the period		-	-	-	(50,000)
Ending balance		-	-	-	-
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	20,000	-
Increase in the period		-	-	-	20,000
Decrease in the period		-	-	-	-
Ending balance		-	-	20,000	20,000
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	5,400	-
Increase in the period		-	-	-	5,400
Decrease in the period		-	-	-	-
Ending balance		-	-	5,400	5,400
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	7,500
Decrease in the period		-	-	-	(7,500)
Ending balance		-	-	-	-
K.S.L. IT Center Co., Ltd.	Related				
Beginning balance		-	10,650	-	10,650
Increase in the period		-	1,400	-	1,400
Decrease in the period		-	(12,050)	-	(12,050)
Ending balance		-	-	-	-
Khon Kaen MDF Board Co., Ltd.	Related				
Beginning balance		-	155,000	-	155,000
Increase in the period		-	3,000	-	3,000
Decrease in the period		-	(158,000)	-	(158,000)
Ending balance		-	-	-	-

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2005</u>	<u>October 31,2004</u>	<u>January 31, 2005</u>	<u>October 31,2004</u>
Chengteh Chinaware (Thailand) Co., Ltd.	Related				
Beginning balance		-	-	-	-
Increase in the period		-	40,000	-	40,000
Decrease in the period		-	(40,000)	-	(40,000)
Ending balance		-	-	-	-
Raja Porcelain Co., Ltd.	Related				
Beginning balance		-	-	-	-
Increase in the period		-	10,000	-	10,000
Decrease in the period		-	(10,000)	-	(10,000)
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		121,984	-	-	-
Increased Investment in Subsidiary Company		-	88,204	-	-
Increase in the period		-	33,780	-	-
Decrease in the period		(18,650)	-	-	-
Ending balance		103,334	121,984	-	-
- Loan due from Related Party	Company Advisor				
Beginning balance		338	857	338	857
Increase in the period		-	300	-	300
Decrease in the period		(52)	(819)	(52)	(819)
Ending balance		286	338	286	338
Total		103,620	122,322	25,686	25,738

Loans due from subsidiary and related companies were loans in the form of promissory notes and payable on demand bearing interest rates at 2.50-5.00 percent per annum (the same rate for the two years).

Loan due from the Company's advisor carried interest rate at 6.50 percent per annum (the same rate for the two years).

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>January 31, 2005</u>	<u>October 31,2004</u>	<u>January 31, 2005</u>	<u>October 31,2004</u>
- Loan due to Subsidiary, Associated and Related Companies					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	55,000	-
Increase in the period		-	-	150,000	150,000
Decrease in the period		-	-	(55,000)	(95,000)
Ending balance		-	-	150,000	55,000
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	80,000	-
Increase in the period		-	-	-	150,000
Decrease in the period		-	-	(80,000)	(70,000)
Ending balance		-	-	-	80,000



(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		January 31, 2005	October 31, 2004	January 31, 2005	October 31, 2004
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	70,000	-
Decrease in the period		-	-	-	-
Ending balance		-	-	70,000	-
Champion Fermentation Co., Ltd.	Associated				
Beginning balance		-	-	-	-
Increased Investment in Subsidiary Companies		-	27,000	-	-
Increase in the period		-	122,000	-	-
Decrease in the period		-	(149,000)	-	-
Ending balance		-	-	-	-
Amarco Co., Ltd.	Related				
Beginning balance		-	6,500	-	6,500
Increase in the period		-	-	-	-
Decrease in the period		-	(6,500)	-	(6,500)
Ending balance		-	-	-	-
On Nuj Construction Co., Ltd.	Related				
Beginning balance		-	5,000	-	5,000
Increase in the period		-	-	-	-
Decrease in the period		-	(5,000)	-	(5,000)
Ending balance		-	-	-	-
KSL Tower Juristic Person Office	Shared Owner in Condominium Building				
Beginning balance		-	5,500	-	5,500
Increase in the period		-	-	-	-
Decrease in the period		-	(5,500)	-	(5,500)
Ending balance		-	-	-	-
Total		-	-	220,000	135,000
- Short-Term Loan from Directors and Shareholders					
Beginning balance		-	452,531	-	452,531
Increased Investment in Subsidiary Companies		-	2,300	-	-
Increase in the period		-	25,300	-	25,300
Decrease in the period		-	(480,131)	-	(477,831)
Ending balance		-	-	-	-

As at January 31, 2005 and October 31, 2004, loans from related companies and loans from directors and shareholders are loans repayable at call and carry interest rates at 1.25 – 3.00 percent and 3.00-5.00 percent per annum respectively.

## 3.2 Inter-Revenue and Expense

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the three-month period ended on January 31,			
		2005	2004	2005	2004
<b>- Sales</b>					
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	8,965	9,709
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	27,556	57,867
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	9,669	61,406
Thai Fermentation Industry Co., Ltd.	Related	11,410	11,554	70	9,375
Total		<u>11,410</u>	<u>11,554</u>	<u>46,260</u>	<u>138,357</u>
<b>- Purchases</b>					
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	10,819	23,089
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	52,689	42,000
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	17,601	65,865
Total		<u>-</u>	<u>-</u>	<u>81,109</u>	<u>130,954</u>

Policy of Inter-Company Price Setting for Goods

- The inter-company swapping goods for export, the Company uses the world market price that the sales-purchase is made for the first time of that year to be the price of sales-purchase of sugar between the Company's group. The selling – buying price incurs no profit between each other.
- The inter-company sales-purchase goods for local sales, the Company has the policy to use the market price to determine the price of goods transacted between each other.

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the three-month period ended on January 31,			
		2005	2004	2005	2004
<b>- Rental Income and Service</b>					
On Nuj Construction Co., Ltd.	Related	122	66	122	66
Chengteh Chinaware (Thailand) Co., Ltd.	Related	360	360	360	360
K. K. Wood Industry Co., Ltd.	Related	207	-	207	-
Amarco Co., Ltd.	Related	5	-	5	-
K.S.L. IT Center Co., Ltd.	Related	90	90	90	90
Total		<u>784</u>	<u>516</u>	<u>784</u>	<u>516</u>
<b>- Other Income</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	623	9
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	196	9
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	228	1
K. K. Wood Industry Co., Ltd.	Related	-	20,766	-	20,766
Thai Fermentation Industry Co., Ltd.	Related	140	49	25	49
K.S.L. IT Center Co., Ltd.	Related	-	3	-	3
Total		<u>140</u>	<u>20,818</u>	<u>1,072</u>	<u>20,837</u>

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>For the three-month period ended on January 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	3,180	-	826
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	-	2,535
Kerry Siam Seaport Co., Ltd.	Related	21	2,150	21	1,486
TS Warehouse Co., Ltd.	Related	-	1,810	-	975
Total		21	7,140	21	5,822
- Other Expenses					
Thai Fermentation Industry Co., Ltd.	Related	700	1,038	25	474
K.S.L. IT Center Co., Ltd.	Related	1,078	250	401	250
Total		1,778	1,288	426	724

### Policy of Price Setting

- Rental income and service are charged according to the mutually agreed agreements.
- Other income of K.K. Wood Industry Co., Ltd. is income from converting sugar at mutually agreed service fee and selling machinery in the mutually agreed prices.
- Other income of THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED is compensation money for transporting sugar to freighters at the normal rate charged to general customers.
- Fees for goods custody are charged according to the volume of the goods and the custody time, which are general rates in the market.
- The expenses paid on behalf of each other are charges according to the actual expenses.

For the three-month period ended on January 31, 2004, the Company had disposed the ordinary shares of Raja Porcelain Co., Ltd., On Nuj Construction Co., Ltd., Para Ruamchoke Co., Ltd., Amarco Co., Ltd. and K.K. Wood Industry Co., Ltd. to directors and the company's shareholders at book value.

### 3.3 Relationship of Related Companies

Consisted of: -

<u>Company Name</u>	<u>Relationship</u>	<u>Connection</u>
K.K. Wood Industry Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Khon Kaen MDF Board Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
K.S.L. IT Center Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Chengteh Chinaware (Thailand) Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Raja Porcelain Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Kerry Siam Seaport Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
TS Warehouse Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Amarco Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Thai Fermentation Industry Co., Ltd.	Related Company	Same group of shareholder
KSL Tower Juristic Person Office	Related Company	Shared Owner of Condominium Building

Prachaup Industry Co., Ltd. held no part in management of the Company, but is a related company, where some directors are also directors of Thai Sugar Terminal Public Co., Ltd. and K.S.L. Export Trading Co., Ltd. which are subsidiary companies of Khon Kaen Sugar Industry Public Co., Ltd.

### 4. Trade Accounts and Notes Receivable - Subsidiary and Related Companies

Consisted of :

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Trade Accounts Receivable				
Not yet due	105	1,578	56,719	7,420
Not over 30 days	-	658	-	-
Over 30 days but not over 60 days	-	153	-	-
Total	105	2,389	56,719	7,420
Notes Receivable	-	-	-	535
Total	105	2,389	56,719	7,955

5. Trade Accounts and Notes Receivable

Consisted of :

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31,2004</u>	<u>January 31, 2005</u>	<u>October 31,2004</u>
Accounts Receivable - Local				
Not yet due	50,522	70,887	22,439	52,969
Not over 30 days	62,217	20,813	47,132	7,414
Over 30 days but not over 60 days	115	300	-	-
Over 60 days but not over 90 days	-	-	-	-
Over 90 days	-	16	-	-
Total	112,854	92,016	69,571	60,383
Accounts Receivable – Foreign (Not yet due)	-	35,242	-	33,245
Notes Receivable	7,635	7,274	-	6,375
Total	120,489	134,532	69,571	100,003

6. Farmer Accounts Receivable - Net

Consisted of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31,2004</u>	<u>January 31, 2005</u>	<u>October 31,2004</u>
Cane Accounts Receivable				
Before Season 1999 / 2000	28,359	28,705	398	398
Season 1999 / 2000	3,785	4,136	-	-
Season 2000 / 2001	2,606	2,613	-	-
Season 2001 / 2002	7,005	7,035	-	-
Season 2002 / 2003	48,412	49,990	-	-
Season 2003 / 2004	33,956	36,333	-	-
Season 2004 / 2005	73,737	19,897	39,219	19,898
Total	197,860	148,709	39,617	20,296
Fuel Oil Accounts Receivable	16,621	4,998	7,609	-
Total	214,481	153,707	47,226	20,296
<u>Less</u> Allowance for Doubtful Accounts	(45,303)	(46,967)	(398)	(398)
Net	169,178	106,740	46,828	19,898

7. Short-Term Loan due from Farmers

In the consolidated and the Company's financial statements as at January 31, 2005 and October 31, 2004, the whole amount was posts dated cheques farmers received from the Company and its subsidiaries and were rediscounted with the Company and its subsidiaries with interest rate based on lending rate of Bank for Agriculture and Agricultural Cooperatives.

8. Inventories

In the consolidated financial statements as at January 31, 2005 and October 31, 2004, a subsidiary company pledged a part of inventory in amount of Baht 29.00 million as collaterals against short-term loan due to a commercial bank.

9. Supplies - Net

Consisted of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Supplies	192,959	180,757	91,718	89,304
<u>Less</u> Allowance for Dilapidated Goods	(122)	(122)	-	-
Net	192,837	180,635	91,718	89,304

10. Investments under Equity Method

Consisted of:

(Unit : Thousand Baht)

<u>Company Name</u>	<u>Paid-Up Share Capital</u>	<u>Percentage of Shareholding</u>		<u>Consolidated</u>					
				<u>As at January 31, 2005</u>			<u>As at October 31, 2004</u>		
				<u>Investment</u>			<u>Investment</u>		
				<u>Cost</u>	<u>Equity</u>	<u>Dividend</u>	<u>Cost</u>	<u>Equity</u>	<u>Dividend</u>
<u>Associated Companies (Direct Holding)</u>		<u>2005</u>	<u>2004</u>						
Champion Fermentation Co., Ltd.	50,000	32.00	32.00	56,800	48,790	-	56,800	48,747	-
Total				56,800	48,790	-	56,800	48,747	-

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital	Percentage of Shareholding		As at January 31, 2005			As at October 31, 2004		
				Investment			Investment		
				Cost	Equity	Dividend	Cost	Equity	Dividend
<b>Subsidiary and Associated Companies (Direct and Indirect Holding)</b>									
		2005	2004						
Thai Sugar Terminal Public Co., Ltd.	100,000	23.82	23.82	79,109	229,877	-	79,109	228,357	263
New Krung Thai Sugar Industry Co., Ltd.	540,000	91.06	91.06	306,894	376,194	-	306,894	355,235	-
Tamaka Sugar Industry Co., Ltd.	525,000	88.82	88.82	448,337	588,905	69,943	448,337	599,252	-
New Kwang Soon Lee Sugar Industry Co., Ltd.	880,000	96.85	96.85	289,284	365,247	-	289,284	338,722	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	80.31	89,134	68,455	-	89,134	68,875	-
K.S.L. Export Trading Co., Ltd.	10,000	78.32	78.32	3,388	2,519	-	3,388	3,992	-
KS Laxmi Co., Ltd.	10,000	51.00	51.00	1,275	770	-	1,275	830	-
Khon Kaen Sugar Power Plant Co., Ltd.	1,000	100.00	100.00	100,743	100,075	-	100,743	100,176	-
Khon Kaen Alcohol Co., Ltd.	40,750	100.00	100.00	40,746	34,175	-	40,746	34,713	-
Champion Fermentation Co., Ltd.	50,000	32.00	32.00	56,800	48,790	-	56,800	48,747	-
Total				1,415,710	1,815,007	69,943	1,415,710	1,778,899	263

As at January 31, 2005, the Company used the financial statements for the year ended on December 31, 2004 of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were audited by other auditor whose report on February 28, 2005, gave an unqualified opinion. The recognized equity in the income statement for the three-month period ended on January 31, 2005 at amount of Baht 0.04 million.

As at October 31, 2004, the Company used the financial statements for the nine-month period ended on September 30, 2004 of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were audited by other auditor. The recognized equity in the income statement for the year ended on October 31, 2004 at amount of Baht 0.09 million.

#### 11. Other Long-Term Investments - Net

Consisted of:

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	As at		As at	
	January 31, 2005	October 31, 2004	January 31, 2005	October 31, 2004
<b>11.1 Available-for-Sale Securities</b>				
Investment in Debt Securities				
- Investment in Subordinated Debenture	4,000	4,000	-	-
Investment in Marketable Equity Securities				
- Bangkok Bank Public Co., Ltd.	336	336	336	336
- Bank of Asia Public Co., Ltd.	172	172	172	172
- Ratchaburi Egco Holding Public Co., Ltd.	792	792	792	792
- Finansa Public Co., Ltd.	50	50	50	50
<u>Add Unrealized Gain on Valuation of Available-for-Sale Securities</u>	2,730	2,445	2,850	2,445
Available-for-Sale Securities Investment - Net	8,080	7,795	4,200	3,795

(Unit : Thousand Baht)

Company Name	Kind of Business	Paid-Up Share Capital	Percentage of		Consolidated		The Company Only		
			Holding		As at		As at		
			2005	2004	January 31, 2005	October 31, 2004	January 31, 2005	October 31, 2004	
<b>11.2 Other Investments</b>									
- Thai Sugar Intertrade Co., Ltd.	Warehouse and Silo	10,000	3.91	3.91	393	393	393	393	
- Thai Sugar Transportation Co., Ltd.	Transportation	1,250	16.20	16.20	210	210	210	210	
- Thai Sugar Asset Co., Ltd.	Warehouse and Silo	12,500	4.10	4.10	523	523	523	523	
- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	1.61	1.61	786	786	323	323	
- Thai Sugar Property Co., Ltd.	Sugar Depository	30,000	4.11	4.11	1,238	1,238	1,238	1,238	
- TS Warehouse Co., Ltd.	Warehouse and Silo	12,500	4.03	4.03	509	509	509	509	
- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	2.00	2.00	9	9	2	2	
- Kerry Siam Seaport Co., Ltd.	Seaport	484,500	5.95	5.95	54,390	54,390	37,787	37,787	
- Krung Thai Investment And Security Co., Ltd.	Closed	-	-	-	45	45	45	45	
- Mahanakorn Bank Public Co., Ltd.	Closed	-	-	-	614	614	-	-	
<u>Less</u> Allowance for Impairment of Investment					(659)	(659)	(45)	(45)	
Other Investments – Net					58,058	58,058	40,985	40,985	
<b>11.3 Investment in Held-to-Maturity Debt Securities</b>									
- Bond					13,138	13,030	6,833	6,848	
Total Investment in Held-to-Maturity Debt Securities					13,138	13,030	6,833	6,848	
Total Other Long-term Investment - Net					79,276	78,883	52,018	51,628	

As at January 31, 2005 and October 31, 2004, the Company and its subsidiary companies pledged the bond as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in consolidated financial statement of Baht 12.96 million and Baht 12.84 million respectively and in the Company' financial statement of Baht 6.65 million and Baht 6.66 million respectively.

## 12. Investment in Property

In the consolidated financial statement as at January 31, 2005, a subsidiary company entered into a purchase agreement for land and condominium building with the total amount of Baht 80.00 million. The building is in the progress of construction. The company has already paid Baht 60.00 million.

## 13. Property Plant and Equipment - Net

For the three-month period ended on January 31, 2005, Property, Plant and Equipment hold movement as follows:-

(Unit : Thousand Baht)

	Consolidated	The Company Only
Beginning Book Value - Net	5,545,450	2,187,400
Purchase/Transfer in	333,005	198,209
Sale/Transfer out	(117,841)	(103,198)
Depreciation	(36,714)	(21,570)
Depreciation-Surplus Revaluation of Assets	(60,361)	(15,451)
Accumulated Depreciation – Sale/Transfer out	1,788	-
Ending Book Value - Net	5,665,327	2,245,390



In the consolidated and the Company's financial statements as at January 31, 2005 and October 31, 2004, the Company and its subsidiary companies pledged a part of land together with construction and machinery at cost amount of Baht 5,141.68 million and Baht 2,651.14 million respectively as collaterals against short-term and long-term credit facilities with commercial banks (equally for both years).

The Company's land in the amount of Baht 11.60 million is the land the Company has utilized as cane plantation but has not received the title deeds. At present, it is in the process of applying for the land's title deeds.

14. Bank Overdrafts and Short-Term Loans from Financial Institutions

Consisted of:

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Bank Overdrafts	46,384	20,611	8,466	14,825
Loans from Financial Institutions	895,800	303,500	567,800	80,000
Accounts Payable-Packing Credit	103,334	121,983	-	-
Total	1,045,518	446,094	576,266	94,825

Loans from financial institutions according to the consolidated and the Company's financial statements as at January 31, 2005 and October 31, 2004 are loans in the form of promissory notes with the maturity period ranged from 3 - 6 months, carrying interest rates of 2.30 - 3.25 percent and 1.75 - 2.75 percent per annum respectively. The bank overdrafts and short-term loans were pledged by parts of land, machinery, equipments, parts of goods and fixed deposits as collaterals. The Company's directors and the subsidiary companies' directors also offer their personal guarantees.

15. Trade Accounts and Notes Payable

Consisted of:

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Cane Accounts Payable	636,536	279,679	332,385	154,685
Trade Accounts Payable	104,887	100,662	104,127	99,751
Notes Payable	419,178	1,792	246,005	800
Total	1,160,601	382,133	682,517	255,236

As at January 31, 2005 in the cane accounts payable according to the consolidated statements and the Company's financial statements for the amount of Baht 636.54 million and Baht 332.39 million respectively, the Company and its subsidiaries recorded the cane price for the production season year 2004/2005 by using the announcement of the initial price of cane for the production season year 2004/2005, which announced by the Office of the Cane and Sugar Board, dated February 3, 2005, stating the price of cane at Baht 620 per metric tonne at 10 C.C.S. and the adjustment was plus/minus Baht 37.20 per unit of C.C.S. per metric tonne. The average cane prices used to calculate the inventory value for the first quarter of year 2005 were estimated by the Company's and its subsidiaries managements at Baht 664.67-756.94 per metric tonne.

Until the date in the report, the Office of the Cane and Sugar Board has not announced the final price of cane for the production season year 2003/2004, so the Company recorded the cane accounts payable and calculated the cost and inventory at the end of the period as at October 31, 2004 by using the final price of cane estimated by the Company's management which was Baht 511.95 per metric tonne at 10 C.C.S. and the adjustment was plus/minus Baht 30.72 per unit of C.C.S. per metric tonne. The 3 subsidiaries recorded theirs according to the provincial estimate. The Company believed the final price of cane would be close to the aforementioned estimated prices.

16. Accrued Stabilization Function Payment

As at January 31, 2005 and October 31, 2004, the whole amount the Company has to pay to the Office of the Cane and Sugar Fund to stabilize the cane and sugar industry was calculated from the production of cane and sugar.

17. Long-Term Loans

Consisted of:

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Loans due to Commercial Banks	263,600	330,200	215,000	275,000
<u>Less</u> Current Portion	(142,000)	(148,600)	(120,000)	(120,000)
Net	121,600	181,600	95,000	155,000

Movement of long-term loans for the three-month period ended on January 31, 2005 is as follows: -

	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value	330,200	275,000
Increase in the Period	-	-
Decrease in the Period	(66,600)	(60,000)
Ending book value	<u>263,600</u>	<u>215,000</u>

As at January 31, 2005 and October 31, 2004, the Company obtained loan from a commercial bank with a credit line of Baht 490.00 million carrying an interest rate of 3.75% per annum. The repayment period is 4 years since the date of first withdrawal of the loan. The machinery with equipments were pledged as collateral against the credit facility. This loan has following important conditions: -

Repayment and Interest

- Loan principal is repayable every 6 months. The first installment is to be made on June 2004 until June 2007 for the total of 7 installments at amount of Baht 60.0 million each. The final installment is to be made in December 2007 at Baht 70.0 million.
- Interest is monthly payable

Other Compliance with Contract

- The Company has to register the pledge of machinery with equipments as collateral within 6 months from the date of first withdrawal of the loan.
- The Company agreed to pay the fee in early repayment of loan at the rate of 2% of the early repaid principal or paid exceeding the terms in the agreement, except when the loan repayment is made from the money received from capital increase and/or profit from the Company's operation.

As at January 31, 2005 and October 31, 2004, a subsidiary company borrowed from a commercial bank with the credit line of Baht 450.00 million with the interest rate of MLR-0.50% per annum. The subsidiary company pledged land together with construction and machinery as collateral against credit facility. The subsidiary company's directors also offered their personal guarantees.

18. Share Capital

In accordance with the minutes of the annual shareholders' general meeting No.1/2547 held on February 24, 2004, it was resolved to increase the Company's registered capital from Baht 1,270,462,080 to Baht 1,600,000,000 and to convert par value of share from Baht 10 to Baht 1 each and the Company registered this change with the Ministry of Commerce on March 18, 2004.

19. Surplus from Internal Restructure of Entities under Common Control

In the consolidated financial statement, movement of surplus from internal restructure of entities under common control for the three-month ended on January 31, 2005, is as follows: -

(Unit : Thousand Baht)

	<u>Revaluation Surplus on</u> <u>Assets-Subsidiary</u> <u>Companies</u>	<u>Discount from Internal</u> <u>Restructure of Entities</u> <u>under Common Control</u>	<u>Net</u>
Beginning balance	1,631,979	(263,643)	1,368,336
Increase in the period	-	-	-
Decrease in the period	(36,159)	-	(36,159)
Ending balance	1,595,820	(263,643)	1,332,177

In the first quarter of the year 2004, the parent company has additionally invested in 5 subsidiary companies with common management for the benefit of internal restructure. The investments caused difference between the purchased price paid for the subsidiary companies and the fair value of the assets and liabilities of the said subsidiary companies (after deducted the capital surplus of valuation of the subsidiaries' assets prior to investment and unrealized gain from the available-for-sale securities) at Baht 275.51 million, which reflected under "Surplus from Internal Restructure of Entities under Common Control" in the shareholders' equity. In the third quarter of the year 2004, the parent company and the subsidiary companies had restructured the shareholding from indirect shareholding to direct shareholding. Thus changed the ratio of the parent company's investment and affected the surplus from internal restructure of entities under common control to decrease by Baht 11.87 million.

20. Dividend Paid and Legal Reserve

In accordance with the minutes of the annual shareholders' general meeting No.1/2548 held on January 14, 2005, it was unanimously resolved to pay interim dividend from the operating result for the year 2004 at Baht 20.00 per share aggregating to Baht 180.00 million according to the minutes of board of director meeting No.12/2546 held on November 21, 2003, and resolved to pay additional annual dividend of operating result for the 2004 at Baht 0.50 per share aggregating to Baht 635.23 million.

In the first quarter of the year 2005, the Company had appropriated a part of the annual net profit under the Public Companies Act as a legal reserve in amount of Baht 36.40 million.

21. Cash and Cash Equivalents

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>January 31, 2004</u>	<u>January 31, 2005</u>	<u>January 31, 2004</u>
Cash on Hand and at Banks	162,863	102,512	70,862	36,429
Short-Term Investments	90,000	100,650	-	-
Total	252,863	203,162	70,862	36,429
<u>Less</u> Short-Term Investments due in 3-6 Months	(54,950)	(15,000)	-	-
Net	197,913	188,162	70,862	36,429

In the consolidated financial statements as at January 31, 2005 and 2004, short-term investments were deposits in the form of promissory notes with interest rates of 1.25-1.50 % and 1.250 % per annum respectively.

22. Financial Information by Segments

## Consolidated

For the three-month period ended on January 31, 2005 and 2004

(Unit : Million Baht)

	Manufacture and Distribution of Sugar		Real Estate Rental		Sugar Exporting Agent	Land Appropriation for Housing	Manufacture and Distribution of Alcohol	Others	Total	
	2005	2004	2005	2004	2005	2005	2005	2005	2005	2004
Net Sales and Services – Domestic	609	499	45	53	-	1	-	-	655	552
- Foreign	373	832	-	-	-	-	-	-	373	832
Total	982	1,331	45	53	-	1	-	-	1,028	1,384
Profit from Operation	349	157	21	24	(3)	(1)	(1)	-	365	181
Interest Expenses									(6)	(10)
Corporate Income Tax									(95)	(52)
Net Profit									264	119
Less Net Profit of Parent Company before Acquisition of Shares									-	(22)
Less Net Profit of Minority Shareholders									(17)	(11)
Net Profit of Parent Company									247	86
Fixed Assets as at January 31	4,517	4,406	1,045	382	3	19	81	-	5,665	4,788
Central Assets	4,044	3,364	203	174	124	55	8	15	4,449	3,538
Total Assets as at January 31	8,561	7,770	1,248	556	127	74	89	15	10,114	8,326

23. Obligations and Contingent Liabilities

As at January 31, 2005 and October 31, 2004, apart from liabilities reflected in the balance sheets, the Company and subsidiary companies have obligations and contingent liabilities as follows:-

23.1 Obligations

23.1.1 The Company and its subsidiaries have obligations relating to agreements to sell goods but not yet delivered in the consolidated financial statement in amount of Baht 2,698.15 million and Baht 681.35 million respectively and in the Company's financial statement in amount of Baht 1,088.30 million and Baht 238.41 million respectively.

23.1.2 The Company and 3 of its subsidiary companies have issued post-dated cheques to farmers to purchase cane for the production season 2004/2005 at the total of Baht 187.05 million and Baht 339.45 million respectively. The Company and the subsidiary companies have not recorded the said liability as the cheques are not due and the cane of the said production season has not been received from farmers.

23.1.3 In the consolidated and the Company's financial statements, there were credit lines of bank overdrafts and loans from commercial banks that were pledged parts of goods, fixed deposits, land together with constructions and machinery as collateral against the credit facilities. The Company's and its subsidiaries' directors offered their personal guarantees. The credit limits in the consolidated financial statement are Baht 5,472.00 million and Baht 2,597.50 million respectively and in the Company's financial statement are Baht 1,785.00 million and Baht 1,692.50 million respectively.

23.1.4 The Company and 3 of its subsidiary companies have issued cheques as guarantees for abiding by the regulations to the Office of Cane and Sugar Fund as follows:-

(Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
For the production season 2002/2003	-	50.80	-	42.60
For the production season 2003/2004	85.07	85.07	46.10	46.10

23.1.5 3 of the subsidiary companies have obligation from giving guarantees for associated and related companies to commercial banks at the limit of Baht 63.00 million equally for both years.

## 23.2 Contingent Liabilities

(Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>January 31, 2005</u>	<u>October 31, 2004</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Letters of Guarantees issued by Commercial Banks	11.81	11.81	11.44	11.44

23.3 A subsidiary company had a forward exchange contract that hasn't been utilized at USD 20.00 million equally for both years.

## 24. Financial Instruments

### Policy to manage financial risk

The Company and its subsidiary companies possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company and its subsidiaries will consider to use derivative instruments, as and when it considers appropriate to manager such risks. However, the Company and its subsidiary companies do not hold any policy to hold or issue any financial instruments for speculation or for trading.

### Risk on Interest Rate

Risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company and its subsidiaries' operating results and cash flows, since the Company and subsidiary companies have bank deposits, and bank loans. However, these financial assets and liabilities bear interest rates comparable to market interest rates. The Company and subsidiary companies believe that no material risk derived from interest rates.

### Risk on Exchange Rate

Risks on exchange rates mainly involve with sales of goods and purchases of machine made in foreign currencies. As at January 31, 2005 and October 31, 2004, the company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

		<u>As at</u>	
	<u>Foreign Currency</u>	<u>January 31, 2005</u>	<u>October 31, 2004</u>
Assets	US Dollar	44,200	1,721,413
Liabilities	US Dollar	141,889	174,049

### Credit Risk

The Company and its subsidiaries have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans to farmers and loans to associated companies, related persons and companies. However, since the Company and its subsidiaries pursue conservative lending policy and the number of debtors are several, the Company do not anticipate any material damage from debt collections.



Fair Value

Since most of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

25. Subsequent Event

According to the minutes of the annual shareholders' general meeting No. 1/2548 held on January 14, 2005, it was resolved for the Company to issue and offer for subscribe short-term debentures to be used as the Company's working capital. The managing director was approved to be the authorized person in setting up the condition, the method of offering for subscription and related detail in issuing such short-term debentures. On February 4, 2005, the Company issued the short-term debenture No. 1/2548 to not more than 10 specified investors for 550,000 units at Baht 1,000 per unit totaling Baht 550 million at the interest rate of 3.25-3.75% per annum. The maturity period is 6 month, redeemable on August 4, 2005. The Company can redeem them on April 4, 2005, prior to the maturity date.

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