

**REVIEW INTERIM REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders and Board of Directors of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

I have reviewed the accompanying consolidated and the Company's balance sheets as at April 30, 2007, the related consolidated and the Company's income statements for the three-month and six-month periods ended April 30, 2007 and 2006 and the related consolidated and the Company's statements of changes in shareholders' equity and cash flows for the six-month periods ended April 30, 2007 and 2006 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also 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 the Company's 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 review, 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.

I used to audit the consolidated and the Company's financial statements for the year ended October 31, 2006 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only, in accordance with generally accepted auditing standards and gave an unqualified opinion as reported thereon dated December 22, 2006. The consolidated and the Company's balance sheets as at October 31, 2006, presented herein for comparison purpose, are part of the financial statements which I audited and reported thereon. I have not used any other auditing procedures subsequent to the date in the report.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant Thailand Registration No. 4664

Bangkok,

June 11, 2007

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

## BALANCE SHEETS

AS AT APRIL 30, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Deposits at Financial Institutions	316,830	151,704	53,532	18,972
Short-Term Investments	19,944	26,772	-	-
Trade Accounts and Notes Receivable (Note 4)	661,053	245,752	200,421	100,227
Trade Accounts and Notes Receivable-Related Companies (Notes 3.1 and 5)	6,066	934	-	-
Farmer Accounts Receivable -Net (Note 6)	54,104	76,288	-	-
Short-Term Loans due from Subsidiary Companies and Related Persons and Companies (Note 3.1)	361,081	153,167	515,600	13,600
Short-Term Loans due from Farmers (Note 7)	192,749	147,915	52,669	97,909
Inventories-Net (Note 8)	4,868,859	1,833,812	2,510,280	653,463
Real Estate Development Cost	39,713	21,273	-	-
Machine Maintenance Supplies	189,294	158,845	82,964	82,826
Cash Compensation Receivable from Insurance Company (Note 9)	63,894	-	-	-
Share Subscriptions Receivable - Related Persons and Companies (Note 3.1)	18,205	12,842	-	-
Other Accounts Receivable-Cane Value (Note 10)	215,705	-	127,407	-
Other Current Assets	66,313	88,416	49,610	28,539
<b>TOTAL CURRENT ASSETS</b>	<b>7,073,810</b>	<b>2,917,720</b>	<b>3,592,483</b>	<b>995,536</b>
NON-CURRENT ASSETS				
Investments under Equity Method (Note 11)	49,108	49,070	3,260,664	2,895,028
Other Long-Term Investments-Net (Note 12)	81,548	80,589	53,755	53,521
Deferred Cane Plantation Cost-Net (Note 13)	75,016	82,500	11,755	55,583
Property, Plant and Equipment-Net (Note 14)	7,398,216	7,227,283	2,341,140	2,335,547
Land not used in Operation	295,531	296,021	258,120	258,611
Loans for Cane Plantation Development-Net (Note 15)	130,243	163,119	-	-
Obligated Fixed Deposits	5,339	6,836	5,339	5,185
Other Non-Current Assets	14,805	22,509	151	151
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,049,806</b>	<b>7,927,927</b>	<b>5,930,924</b>	<b>5,603,626</b>
<b>TOTAL ASSETS</b>	<b>15,123,616</b>	<b>10,845,647</b>	<b>9,523,407</b>	<b>6,599,162</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 APRIL 30, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

		CONSOLIDATED		THE COMPANY ONLY	
		2007	2006	2007	2006
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to Financial Institutions	(Note 16)	1,780,700	1,285,980	500,157	845,000
Other Short-Term Loans	(Note 17)	2,495,233	-	2,495,233	-
Trade Accounts and Notes Payable	(Note 18)	326,149	506,599	180,901	217,982
Trade Accounts and Notes Payable-Subsidiary and Related Companies	(Note 3.1)	467	-	107,711	47,759
Current Portion of Long-Term Loans	(Note 19)	202,000	85,100	112,000	35,000
Short - Term Loans due to Subsidiary Companies	(Note 3.1)	-	-	160,000	65,000
Accrued Corporate Income Tax		205,820	79,316	64,457	-
Advance Received from Customers for Goods		191,202	125,093	45,473	3,964
Accrued Stabilization Function Payment		81,844	66,946	40,347	33,341
Accrued Manufacturing Expenses		502,618	-	201,299	-
Other Accrued Expenses		60,117	29,818	22,603	8,848
Other Accounts Payable		222,810	246,045	34,639	47,687
Other Current Liabilities		62,927	52,743	10,692	10,359
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,131,887</b>	<b>2,477,640</b>	<b>3,975,512</b>	<b>1,314,940</b>
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 19)	1,197,559	823,354	60,000	-
Other Non-Current Liabilities		26,646	26,465	10,818	10,521
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,224,205</b>	<b>849,819</b>	<b>70,818</b>	<b>10,521</b>
<b>TOTAL LIABILITIES</b>		<b>7,356,092</b>	<b>3,327,459</b>	<b>4,046,330</b>	<b>1,325,461</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 APRIL 30, 2007 AND OCTOBER 31, 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
	Unaudited	Audited	Unaudited	Audited
	Limited Review Only	Limited Review Only	Limited Review Only	Limited Review Only
SHAREHOLDERS' EQUITY				
Share Capital				
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 Share Capital				
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,550,000	1,550,000	1,550,000	1,550,000
Premium on Share Capital	1,554,617	1,554,617	1,554,617	1,554,617
Revaluation Surplus on Assets-Parent Company	936,339	964,672	936,339	964,672
Revaluation Surplus on Assets-Subsidiary Companies	142,397	144,592	142,397	144,592
Surplus from Internal Restructure of Entities under Common Control (Note 20)	1,061,651	1,123,933	-	-
Surplus from Changes in Shareholding Ratio in Subsidiary Companies	16,401	16,470	-	-
Unrealized Gain on Available-for-Sale Securities	2,616	2,249	2,616	2,249
Accumulated Result of Translation Adjustment	(565)	1,555	(565)	1,555
Retained Earnings (Note 21)				
Appropriated				
Legal Reserve	121,120	121,120	121,120	121,120
Unappropriated	1,170,553	934,896	1,170,553	934,896
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	6,555,129	6,414,104	5,477,077	5,273,701
Minority Shareholders' Equity	1,212,395	1,104,084	-	-
TOTAL SHAREHOLDERS' EQUITY	7,767,524	7,518,188	5,477,077	5,273,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,123,616	10,845,647	9,523,407	6,599,162

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 PERIODS ENDED APRIL 30, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
REVENUES FROM OPERATION				
Sales and Services	2,559,708	1,646,405	1,014,494	935,087
Revenue from Sales of Fuel Oil and Cane Harvest	99,149	95,523	30,045	17,913
Participating Profit from Investments under Equity Method	47	30	244,941	211,232
Other Income	60,928	83,840	46,986	66,676
TOTAL REVENUES	2,719,832	1,825,798	1,336,466	1,230,908
EXPENSES FROM OPERATION				
Cost of Sales and Services	1,861,697	1,189,062	755,683	839,605
Other Cost of Sales	77,504	83,369	36,098	29,207
Selling and Administrative Expenses	168,463	126,106	79,383	65,594
Directors' Remuneration	8,409	8,449	1,411	1,409
TOTAL EXPENSES	2,116,073	1,406,986	872,575	935,815
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	603,759	418,812	463,891	295,093
INTEREST EXPENSES	(55,500)	(33,365)	(35,787)	(16,136)
CORPORATE INCOME TAX	(136,273)	(103,175)	(44,981)	(14,675)
PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	411,986	282,272	383,123	264,282
<u>LESS</u> NET PROFIT OF SUBSIDIARY COMPANIES BELONGING TO				
PARENT COMPANY BEFORE ACQUISITION OF SHARES	-	(546)	-	-
<u>LESS</u> MINORITY SHAREHOLDERS' NET PROFIT	(28,863)	(17,444)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	383,123	264,282	383,123	264,282
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.25	0.17	0.25	0.17
NUMBER OF ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

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

## INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED APRIL 30, 2007 AND 2006

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
REVENUES FROM OPERATION				
Sales and Services	4,296,524	2,802,213	1,861,957	1,782,258
Revenue from Sales of Fuel Oil and Cane Harvest	197,392	170,815	63,412	52,970
Participating Profit from Investments under Equity Method	38	-	366,819	278,007
Other Income	122,507	143,278	91,566	103,288
TOTAL REVENUES	4,616,461	3,116,306	2,383,754	2,216,523
EXPENSES FROM OPERATION				
Cost of Sales and Services	3,137,565	1,907,288	1,453,487	1,397,351
Other Cost of Sales	161,292	144,734	77,453	65,063
Selling and Administrative Expenses	388,057	275,968	153,642	149,944
Directors' Remuneration	22,561	24,414	4,657	4,649
Participating Loss from Investments under Equity Method	-	47	-	-
TOTAL EXPENSES	3,709,475	2,352,451	1,689,239	1,617,007
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	906,986	763,855	694,515	599,516
INTEREST EXPENSES	(83,354)	(37,674)	(52,088)	(20,263)
CORPORATE INCOME TAX	(209,494)	(191,454)	(65,770)	(71,097)
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	614,138	534,727	576,657	508,156
LESS NET PROFIT OF SUBSIDIARY COMPANIES BELONGING TO PARENT COMPANY BEFORE ACQUISITION OF SHARES	-	(988)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(37,481)	(25,583)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	576,657	508,156	576,657	508,156
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.37	0.33	0.37	0.33
NUMBER OF ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

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 SIX-MONTH PERIODS ENDED APRIL 30, 2007 AND 2006**

**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 from Internal Restructure of Entities under Common Control	Surplus from Changes in Shareholding Ratio in Subsidiary Companies	Unrealized Gain(loss) on Available-for-Sale Securities	Accumulated Result of Translation Adjustment	Retained Earnings		Minority Shareholders' Equity	TOTAL
									Appropriated Legal Reserve	Unappropriated		
Balance as at October 31, 2006	1,550,000	1,554,617	964,672	144,592	1,123,933	16,470	2,249	1,555	121,120	934,896	1,104,084	7,518,188
Accumulated Result of Translation Adjustment	-	-	-	-	-	-	-	(2,120)	-	-	-	(2,120)
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	-	-	367	-	-	-	-	367
Depreciation-Revaluation Surplus on Assets	-	-	(28,333)	(2,195)	-	-	-	-	-	-	-	(30,528)
Decrease in Surplus from Internal Restructure of Entities under Common Control (Note 20)	-	-	-	-	(62,282)	-	-	-	-	-	-	(62,282)
Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	(69)	-	-	-	-	-	(69)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	936,339	142,397	1,061,651	16,401	2,616	(565)	121,120	934,896	1,104,084	7,423,556
Dividend Paid (Note 21)	-	-	-	-	-	-	-	-	-	(341,000)	-	(341,000)
Net Profit for the Period	-	-	-	-	-	-	-	-	-	576,657	-	576,657
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	108,311	108,311
Balance as at April 30, 2007	1,550,000	1,554,617	936,339	142,397	1,061,651	16,401	2,616	(565)	121,120	1,170,553	1,212,395	7,767,524
Balance as at October 31, 2005	1,550,000	1,554,617	1,022,372	149,242	1,239,145	-	2,417	-	90,920	534,132	1,096,918	7,239,763
Accumulated Result of Translation Adjustment	-	-	-	-	-	-	-	157	-	-	38	195
Unrealized Loss on Available-for-Sale Securities	-	-	-	-	-	-	(160)	-	-	-	-	(160)
Depreciation-Revaluation Surplus on Assets	-	-	(28,850)	(2,179)	-	-	-	-	-	-	-	(31,029)
Decrease in Surplus from Internal Restructure of Entities under Common Control	-	-	-	-	(62,347)	-	-	-	-	-	-	(62,347)
Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	4,815	-	-	-	-	-	4,815
Unrealized Transaction in Income Statements	1,550,000	1,554,617	993,522	147,063	1,176,798	4,815	2,257	157	90,920	534,132	1,096,956	7,151,237
Dividend Paid (Note 21)	-	-	-	-	-	-	-	-	-	(247,983)	-	(247,983)
Net Profit for the Period	-	-	-	-	-	-	-	-	-	508,156	-	508,156
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	3,991	3,991
Balance as at April 30, 2006	1,550,000	1,554,617	993,522	147,063	1,176,798	4,815	2,257	157	90,920	794,305	1,100,947	7,415,401

**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 SIX-MONTH PERIODS ENDED APRIL 30, 2007 AND 2006**  
**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(loss) on Available-for-Sale Securities	Accumulated Result of Translation Adjustment	Retained Earnings		TOTAL
							Appropriated Legal Reserve	Unappropriated	
Balance as at October 31, 2006	1,550,000	1,554,617	964,672	144,592	2,249	1,555	121,120	934,896	5,273,701
Accumulated Result of Translation Adjustment	-	-	-	-	-	(2,120)	-	-	(2,120)
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	367	-	-	-	367
Depreciation-Revaluation Surplus on Assets	-	-	(28,333)	(2,195)	-	-	-	-	(30,528)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	936,339	142,397	2,616	(565)	121,120	934,896	5,241,420
Dividend Paid (Note 21)	-	-	-	-	-	-	-	(341,000)	(341,000)
Net Profit for the Period	-	-	-	-	-	-	-	576,657	576,657
Balance as at April 30, 2007	1,550,000	1,554,617	936,339	142,397	2,616	(565)	121,120	1,170,553	5,477,077
Balance as at October 31, 2005	1,550,000	1,554,617	1,022,372	149,242	2,417	-	90,920	534,132	4,903,700
Accumulated Result of Translation Adjustment	-	-	-	-	-	157	-	-	157
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	(160)	-	-	-	(160)
Depreciation-Revaluation Surplus on Assets	-	-	(28,850)	(2,179)	-	-	-	-	(31,029)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	993,522	147,063	2,257	157	90,920	534,132	4,872,668
Dividend Paid (Note 21)	-	-	-	-	-	-	-	(247,983)	(247,983)
Net Profit for the Period	-	-	-	-	-	-	-	508,156	508,156
Balance as at April 30, 2006	1,550,000	1,554,617	993,522	147,063	2,257	157	90,920	794,305	5,132,841

**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 SIX-MONTH PERIODS ENDED APRIL 30, 2007 AND 2006**  
**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(loss) on Available-for-Sale Securities	Accumulated Result of Translation Adjustment	Retained Earnings		TOTAL
							Appropriated Legal Reserve	Unappropriated	
Balance as at October 31, 2006	1,550,000	1,554,617	964,672	144,592	2,249	1,555	121,120	934,896	5,273,701
Accumulated Result of Translation Adjustment	-	-	-	-	-	(2,120)	-	-	(2,120)
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	367	-	-	-	367
Depreciation-Revaluation Surplus on Assets	-	-	(28,333)	(2,195)	-	-	-	-	(30,528)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	936,339	142,397	2,616	(565)	121,120	934,896	5,241,420
Dividend Paid (Note 21)	-	-	-	-	-	-	-	(341,000)	(341,000)
Net Profit for the Period	-	-	-	-	-	-	-	576,657	576,657
Balance as at April 30, 2007	1,550,000	1,554,617	936,339	142,397	2,616	(565)	121,120	1,170,553	5,477,077
Balance as at October 31, 2005	1,550,000	1,554,617	1,022,372	149,242	2,417	-	90,920	534,132	4,903,700
Accumulated Result of Translation Adjustment	-	-	-	-	-	157	-	-	157
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	(160)	-	-	-	(160)
Depreciation-Revaluation Surplus on Assets	-	-	(28,850)	(2,179)	-	-	-	-	(31,029)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	993,522	147,063	2,257	157	90,920	534,132	4,872,668
Dividend Paid (Note 21)	-	-	-	-	-	-	-	(247,983)	(247,983)
Net Profit for the Period	-	-	-	-	-	-	-	508,156	508,156
Balance as at April 30, 2006	1,550,000	1,554,617	993,522	147,063	2,257	157	90,920	794,305	5,132,841

**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**

**April 30, 2007 and 2006 (Unaudited/Limited Review Only)**

**and October 31, 2006 (Audited)**

1. Basis of Financial Statement Preparation and Accounting Policies

- 1.1 The interim consolidated and the interim Company's financial statements were prepared in accordance with the generally accepted accounting principles 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 items in the primary financial statements, which cover 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 Items" which need to be presented in the financial statements so as to comply with the pronouncement of the Office of the Securities and Exchange of Commission in Thailand and regulation of the Stock Exchange of Thailand.
- 1.2 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, 2006, so these interim financial statements should be read in conjunction with the 2006 annual financial statements.
- 1.3 The items in the financial statements for the year ended October 31, 2006 have been reclassified in order to facilitate comparative analysis with those for the six-month period ended April 30, 2007.

2. Basis of Consolidation

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

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u> <u>Incorporation</u>	<u>Kind of Business</u>
	<u>Shareholding</u>			
	<u>2007</u>	<u>2006</u>		
Thai Sugar Terminal Public Co., Ltd. and its subsidiary companies	23.82	23.82	Thailand	Sugar transporting service, silo warehouse and property rental and during investment process in wheat flour business
New Krung Thai Sugar Factory Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory 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	Appropriation of land for housing and for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.63	78.63	Thailand	Exporting agent for sugar export

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u> <u>Incorporation</u>	<u>Kind of Business</u>
	<u>Shareholding</u>			
	<u>2007</u>	<u>2006</u>		
KSL Chemical Co., Ltd.	100.00	100.00	Thailand	Importer and distributor of chemicals
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer
KSL. Agro Co., Ltd.	100.00	100.00	Thailand	Agricultural operation
Savannakhet Sugar Corporation	80.00	80.00	Laos	Agricultural operation, manufacture and distribution of sugar and molasses which are during investment process
Koh Kong Plantation Co., Ltd.	50.00	-	Cambodia	Agricultural operation, manufacture and distribution of sugar and molasses which are during investment process

Although the Company holds shares in THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED by only 23.82 percent, the Company participates in the controlling power of the 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 April 30, 2007 and October 31, 2006, 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 and its subsidiary companies, SAVANNAKHET SUGAR COPRORATION and KOH KONG PLANTATION CO., LTD., whose accounting periods ended December 31.
- 2.3 The balances between the Company and its subsidiary companies, investments in subsidiary companies and subsidiary companies' shareholders' equity were eliminated from the consolidated financial statements.

### 3. Inter-Transactions with the Related Companies

The Company and its subsidiary companies hold accounting transaction items with the related persons and companies by the same shareholders' group or mutual directors. Significant inter-transactions and remaining balances between the Company and its subsidiary companies with related persons and companies 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	
		April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006
- Trade Accounts and Notes Receivable					
Prachaup Industry Co., Ltd.	Related	4,835	549	-	-
Thai Fermentation Industry Co., Ltd.	Related	674	209	-	-
Rajburi Sugar Co., Ltd.	Related	362	-	-	-
Other Related Companies		195	176	-	-
Total		6,066	934	-	-
- Other Accounts Receivable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,166	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	12,664	-
Thai Sugar Terminal Public Co., Ltd	Subsidiary	-	-	198	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	2,219	-
Total		-	-	16,247	-
- Cash Allowance for Sugar Purchase					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,359	2,125
- Advance Payment					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	13,707	-
The Company and subsidiary companies' Management	Related Persons	178	14,286	178	13,173
Total		178	14,286	13,885	13,173
- Share Subscriptions Receivable					
Ban Pong Intertrade Co., Ltd.	Related	18,205	12,842	-	-
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	28,493	28,838
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	66,442	15,275
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	478	2,530
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,927	982
Thai Sugar Terminal Public Co., Ltd	Subsidiary	-	-	-	134
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	10,371	-
Thai Fermentation Industry Co., Ltd.	Related	399	-	-	-
K.S.L. IT Center Co., Ltd.	Related	68	-	-	-
Total		467	-	107,711	47,759

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>(Unit : Thousand Baht)</u>			
		<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
- Other Accounts Payable					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	877	-
TS Warehouse Co., Ltd.	Subsidiary	-	-	331	-
Total		-	-	1,208	-
- Advance Received from Customers for Goods					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	27,764	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	81	-
Thai Fermentation Industry Co., Ltd.	Related	65,009	95,345	-	-
Total		65,009	95,345	27,845	-

As at October 31, 2006, advance made to the management of the Company for Baht 13.17 million was cash provision for expenses to be incurred in the investment project under Koh Kong Plantation Co., Ltd.

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>(Unit : Thousand Baht)</u>			
		<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at</u>		<u>As at</u>	
		<u>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
- Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	394,000	-
Repaid in the period		-	-	(383,000)	-
Ending balance		-	-	11,000	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	178,000	-
Repaid in the period		-	-	(31,000)	-
Ending balance		-	-	147,000	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	224,000	-
Repaid in the period		-	-	(50,000)	-
Ending balance		-	-	174,000	-
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	13,600	5,400
Increase in the period		-	-	-	8,600
Repaid in the period		-	-	-	(400)
Ending balance		-	-	13,600	13,600

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	148,000	-
Repaid in the period		-	-	-	-
Ending balance		-	-	148,000	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	22,000	-
Repaid in the period		-	-	-	-
Ending balance		-	-	22,000	-
KSL. Agro Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	75,500
Repaid in the period		-	-	-	(75,500)
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		153,167	129,927	-	-
Increase in the period		584,600	408,937	-	-
Repaid in the period		(376,686)	(385,697)	-	-
Ending balance		361,081	153,167	-	-
The Company's Advisor	Related Person				
Beginning balance		-	121	-	121
Increase in the period		-	-	-	-
Repaid in the period		-	(121)	-	(121)
Ending balance		-	-	-	-
		361,081	153,167	515,600	13,600

As at April 30, 2007 and October 31, 2006, loans due from subsidiary and related companies were loans in the form of promissory notes payable on demand and bearing interest rates at 4.95-5.40% and 6.25 -6.75% per annum respectively. The loan due from related company was incurred by a subsidiary company borrowing money in the form of packing credit on behalf of the related company as specified in notes to financial statements No. 16.

Loan due from the Company's advisor carried interest rate at 6.50% per annum.

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006
- Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	65,000	-
Increase in the period		-	-	160,000	172,000
Repayment in the period		-	-	(225,000)	(107,000)
Ending balance		-	-	-	65,000
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	110,000	-
Repayment in the period		-	-	(110,000)	-
Ending balance		-	-	-	-
K.S.L. Export Trading Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	160,000	-
Repayment in the period		-	-	-	-
Ending balance		-	-	160,000	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	185,000
Increase in the period		-	-	-	115,000
Repayment in the period		-	-	-	(300,000)
Ending balance		-	-	-	-
Total		-	-	160,000	65,000

As at April 30, 2007 and October 31, 2006, loans due to subsidiary companies are loans repayable at call and carrying interest rates at 6.25% and 6.25 - 6.75% per annum respectively.

As at April 30, 2007, loan due to K.S.L. Export Trading Co., Ltd. was in the form of promissory notes repayable on demand and bearing interest rate at 4.50% per annum. This loan was incurred by K.S.L. Export Trading Co., Ltd. borrowing money in the form of packing credit on behalf of the Company as specified in notes to financial statements No. 16.

## 3.2 Inter- Revenues and Expenses

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	For the Six-Month Periods ended April 30,			
		Consolidated		The Company Only	
		2007	2006	2007	2006
- Sales of Goods					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	81	56
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	81	56
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	45	31
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	13	4
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	112,739	176,379
Thai Fermentation Industry Co., Ltd.	Related	87,950	96,308	399	27,192
Other Related Companies		10	3	3	3
Total		87,960	96,311	113,361	203,721
- Purchases of Goods					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	173,123	63,571
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	273,775	119,731
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	40,859	41,220
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	39,485	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	3,591	-
Thai Fermentation Industry Co., Ltd.	Related	2,186	1,866	851	485
Total		2,186	1,866	531,684	225,007
- Value of Land sold					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	15,244
- Other Incomes					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	6	141
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	6	6
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	28	28
KSL Chemical Co., Ltd.	Subsidiary	-	-	6	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	31,245	26,601
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	66,057	420
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	198	80
Savannakhet Sugar Corporation	Subsidiary	-	-	170	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	2,219	-
Thai Fermentation Industry Co., Ltd.	Related	157	238	46	34
On Nuj Construction Co., Ltd.	Related	243	243	243	243
Chengteh Chinaware (Thailand) Co., Ltd.	Related	720	720	720	720
KK Wood Industry Co., Ltd.	Related	415	415	415	415
K.S.L. IT Center Co., Ltd.	Related	182	182	181	180
Amarco Co., Ltd.	Related	9	9	9	9
Total		1,726	1,807	101,549	28,827



(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	For the Six-Month Periods ended April 30,			
		Consolidated		The Company Only	
		2007	2006	2007	2006
<b>- Interest Incomes</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	2,687	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	1,196	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	2,566	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	453	136
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,435	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	213	-
KSL. Agro Co., Ltd.	Subsidiary	-	-	-	488
Total		-	-	8,550	624
<b>- Goods Custody and Exporting Fees</b>					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	1,847	714
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	1,240	443
TS Warehouse Co., Ltd.	Subsidiary	-	-	910	112
Kerry Siam Seaport Co., Ltd.	Related	528	45	528	45
Prachaup Industry Co., Ltd.	Related	6,075	-	-	-
Other Related Companies		545	-	-	-
Total		7,148	45	4,525	1,314
<b>- Other Expenses</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1	93
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	710	64
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	5,709	3,998
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	75	11
Thai Fermentation Industry Co., Ltd.	Related	92	57	29	18
K.S.L. IT Center Co., Ltd.	Related	2,792	2,680	850	792
K.S.L. Tower Juristic Person Office	Shared Owner of Condominium Building	4,179	4,102	4,179	-
Total		7,063	6,839	11,553	4,976
<b>- Interest Expenses</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,663	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	557	-
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	197	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	-	2,970
Total		-	-	2,417	2,970

#### Policy of Inter-Price Setting

- The inter-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 intersales-purchase goods for local sales, the Company has the policy to use mutually agreed price which is higher than cost price to determine the price of goods transacted between each other.
- Rental income, service income and sale of land and assets are charged according to the mutually agreed agreements.

- Income from land leased out to a subsidiary company was charged according to agreement, of which term is for 30 years, starting from January 25, 2005 until January 24, 2035 at annual fee of Baht 0.11 million to be increased by 10% for every three years. Once the lease is expired, ownership rights on all constructions built on the leased land were vested in the lessor.
- Revenue from selling of supplies are charged according to the cost.
- 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 charged according to actual expenses.

### 3.3 Relationship of Related Companies

Consisted of : -

<u>Company Name</u>	<u>Relationship</u>	<u>Connection</u>
K.S.L. IT Center Co., Ltd.	Related Company	Same shareholder group /Mutual directors
Chengteh Chinaware (Thailand) Co., Ltd.	Related Company	Same shareholder group /Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same shareholder group /Mutual directors
KK Wood Industry Co., Ltd.	Related Company	Same shareholder group
Amarco Co., Ltd.	Related Company	Same shareholder group
Thai Fermentation Industry Co., Ltd.	Related Company	Same shareholder group
Rajburi Sugar Co., Ltd.	Related Company	Mutual directors in Subsidiary
Mitr Kaset Sugar Industry Co., Ltd.	Related Company	Mutual directors in Subsidiary
Eastern Sugar and Sugar Cane Co., Ltd.	Related Company	Mutual directors in Subsidiary
Kerry Siam Seaport Co., Ltd.	Related Company	Director in the Related Company
KSL Tower Juristic Person	Related Company	Shared Owner of Condominium Building
Ban Pong Intertrade Co., Ltd.	Related Company	Common shareholder in Subsidiary

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 Company Limited.

4. 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>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Accounts Receivable - Local				
Not yet due	235,647	221,683	97,308	99,704
Overdue not over 30 days	21,410	10,054	9	407
Overdue over 30 days but not over 60 days	-	776	-	-
Total	257,057	232,513	97,317	100,111
Accounts Receivable – Foreign (Not yet due)	391,172	38	98,422	38
Notes Receivable	12,824	13,201	4,682	78
Total	661,053	245,752	200,421	100,227

5. Trade Accounts and Notes Receivable - Related Companies

Consisted of :

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Trade Accounts Receivable				
Not yet due	6,066	567	-	-
Overdue not over 30 days	-	226	-	-
Overdue over 30 days but not over 60 days	-	141	-	-
Total	6,066	934	-	-

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>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Cane Accounts Receivable				
Before Season 2002 / 2003	30,823	33,063	398	398
Season 2002 / 2003	16,477	17,272	-	-
Season 2003 / 2004	6,789	8,147	-	-
Season 2004 / 2005	7,808	9,901	-	-
Season 2005 / 2006	23,488	45,158	-	-
Season 2006 / 2007	17,589	-	-	-
Total	102,974	113,541	398	398
Fuel Oil, Fertilizer and Other Service Charge				
Accounts Receivable	2,440	6,456	-	-
Total	105,414	119,997	398	398
<u>Less</u> Allowance for Doubtful Accounts	(51,310)	(43,709)	(398)	(398)
Net	54,104	76,288	-	-

7. Short-Term Loans due from Farmers

As at April 30, 2007 and October 31, 2006, these loans consisted of portion that was charged interest at 6.50 - 8.00% per annum and 5.00 - 8.00% per annum respectively and another portion in the form of post-dated cheques at Baht 140.08 million and Baht 77.25 million respectively where farmers discounted with the Company and its subsidiary companies with interest rate based on lending rate of Bank for Agriculture and Agricultural Cooperatives.

8. Inventories-Net

As at April 30, 2007, in the consolidated and the Company's financial statements, the Company and two subsidiary companies pledged a part of inventory in amount of Baht 554.36 million and Baht 183.71 million respectively as collaterals against packing credit payable as specified in notes to financial statements No.16

9. Cash Compensation Receivable from Insurance Company

The whole amount was arrived at because a subsidiary company's raw materials were damaged during shipping transport from overseas for the amount of Baht 66.05 million. The subsidiary company held an insurance policy for such goods with an insurance company at Baht 63.89 million which was booked as an asset item in the balance sheet, resulting in a loss of Baht 2.16 million in the income statement, the difference between the damaged amount and the claimant amount.

10. Other Accounts Receivable-Cane Value

As at April 30, 2007, this amount was incurred by the Company and its subsidiary companies paying initial cane price for the season 2006/2007 as announced in the Royal Gazette as specified in notes to financial statements No. 18, which is higher than the final price as estimated by the Company and its subsidiary companies' management, thus resulting in this difference which will be compensated by the Cane and Sugar Fund.

11. Investments under Equity Method

Consisted of :

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital	Percentage of Shareholding		Consolidated As at April 30, 2007			As at October 31, 2006		
		2007	2006	Investment			Investment		
				Cost	Equity Method	Dividend	Cost	Equity Method	Dividend
Associated Company(Direct Shareholding)									
Champion Fermentation Co., Ltd.	150,000	32.00	32.00	56,800	49,108	-	56,800	49,070	-
Total				56,800	49,108	-	56,800	49,070	-

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital	Percentage of Shareholding	The Company Only As at April 30, 2007		
			Cost	Equity Method	Dividend
<u>Subsidiary and Associated Companies (Direct and Indirect Shareholding)</u>					
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82	79,109	235,380	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06	306,893	519,286	29,504
Tamaka Sugar Industry Co., Ltd.	600,000	90.21	523,337	849,879	86,606
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85	289,284	445,892	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	89,134	61,560	-
K.S.L. Export Trading Co., Ltd.	20,000	78.63	6,775	985	-
KSL Chemical Co., Ltd.	7,500	100.00	6,618	2,304	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	399,972	480,076	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	159,986	348,778	-
KSL. Agro Co., Ltd	100,000	100.00	100,000	78,227	-
Savannakhet Sugar Corporation	156,459	80.00	125,168	101,851	-
Koh Kong Plantation Co., Ltd.	180,980	50.00	90,490	87,338	-
Champion Fermentation Co., Ltd.	150,000	32.00	56,800	49,108	-
Total			2,233,566	3,260,664	116,110

(Unit : Thousand Baht)

<u>The Company Only</u>					
<u>As at October 31, 2006</u>					
<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Investment</u>		
			<u>Cost</u>	<u>Equity Method</u>	<u>Dividend</u>
	<u>Share Capital</u>	<u>Shareholding</u>			
<u>Subsidiary and Associated Companies (Direct and</u>					
<u>Indirect Shareholding)</u>					
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82	79,109	234,040	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06	306,893	460,396	-
Tamaka Sugar Industry Co., Ltd.	600,000	90.21	523,337	764,653	114,240
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85	289,284	431,136	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	89,134	63,016	-
K.S.L. Export Trading Co., Ltd.	10,000	78.63	3,388	(2,179)	-
KSL Chemical Co., Ltd.	7,500	100.00	6,618	3,216	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	399,972	407,915	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	159,986	307,111	-
KSL. Agro Co., Ltd	100,000	100.00	100,000	90,142	-
Savannakhet Sugar Corporation	124,876	80.00	99,901	86,512	-
Champion Fermentation Co., Ltd.	150,000	32.00	56,800	49,070	-
Total			2,114,422	2,895,028	114,240

As at April 30, 2007 and October 31, 2006, the Company used the financial statements of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were not yet audited and reviewed by any certified auditor. The participating profits in the income statements for the six-month period ended April 30, 2007 and for the year ended October 31, 2006 are Baht 0.04 million and Baht 0.09 million respectively or equivalent to 0.01% of the consolidated profits for both periods.

In the first quarter of the year 2006, the Company additionally invested in the ordinary shares of KSL Chemical Co., Ltd. thus increasing the ratio from formerly 51% to 100% and amounting to Baht 5.34 million.

In the first quarter of the year 2006, the Company additionally invested in the whole amount ordinary shares of KSL. Agro Co., Ltd. amounting to Baht 1.25 million and in the second and third quarter of the year 2006, the Company also additionally invested in the capital increase of ordinary shares of the said subsidiary company at Baht 27.50 million and Baht 71.25 million respectively, which its ratio of shareholding remained the same.

In the second and third quarters of the year 2006, the Company additionally invested in the capital increase ordinary shares of Tamaka Sugar Industry Co., Ltd., a subsidiary company at Baht 18.75 million and Baht 56.25 million respectively, thus its ratio of shareholding changed to 89.20% and 90.21% respectively.

In the second quarter of the year 2006, the Company additionally invested in the ordinary shares of Savannakhet Sugar Corporation to construct the sugar plant and apply for 62,500-Rai 30-year land concession intended for sugar cane plantation in Savannakhet, Lao People's Democratic Republic. The initial investment for the project is expected to be approximately USD 10 million. The Company holds shares at the ratio of 80% equals to Baht 46.91 million and in the third and fourth quarters of the year 2006 and the second quarter of year 2007, the Company also additionally invested at Baht 26.69 million, Baht 26.30 million and Baht 25.27 million respectively, which its ratio of shareholding remained the same. The financial statements of the said subsidiary company which were used to record investment by equity method and for consolidation was reviewed by another certified auditor in the same audit firm.

In the first quarter of the year 2007, the Company additionally invested in ordinary shares of Koh Kong Plantation Co., Ltd. in order to obtain a 90-year concession for cane plantation on 20,000 hectares of land in the Koh Kong Province, the Kingdom of Cambodia. The Company expected that the initial investment of the project would be USD 5.00 million. The Company holds shares at the percentage of 50 for the amount of Baht 90.49 million.

In the second quarter of the year 2007, the Company additionally invested in the capital increase ordinary shares of K.S.L. Export Trading Co., Ltd., at Baht 3.39 million, thus its ratio of shareholding remained the same.

## 12. Other Long-Term Investments - Net

Consisted of :

Company Name	Kind of Business	Paid-Up		Percentage of Holding		(Unit : Thousand Baht)			
		Share Capital	Consolidated	The Company Only	Consolidated	The Company Only			
						As at		As at	
		April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006
12.1 <u>Investment in Available-for-Sale Securities</u>									
Investment in Debt Securities									
-	Subordinated Debenture	4,000	4,000	-	-	-	-	-	-
Investment in Marketable Equity Securities									
-	Bangkok Bank Public Co., Ltd.	336	336	336	336	336	336	336	336
-	Ratchaburi Egco Holding Public Co., Ltd.	792	792	792	792	792	792	792	792
-	Finansa Public Co., Ltd.	50	50	50	50	50	50	50	50
<u>Add Unrealized Gain on Available-for-Sale Securities</u>		3,037	2,525	3,357	3,088	3,357	3,088	3,357	3,088
Investment in Available- for-Sale Securities - Net		8,215	7,703	4,535	4,266	4,535	4,266	4,535	4,266

(Unit : Thousand Baht)

Company Name	Kind of Business	Paid-Up Share Capital	Percentage of Holding		Consolidated		The Company Only		
			Consolidated	The Company Only	As at		As at		
					April 30, 2007	October 31, 2006	April 30, 2007	October 31, 2006	
<b>12.2 General Investments</b>									
- T S Flour Mill Co., Ltd. (Formerly "Thai Sugar Intertrade Co., Ltd.")	Warehouse and Manufacture and distribution of flour mill	200,000	0.20	0.20	393	393	393	393	
- Thai Sugar Transportation Co., Ltd.	Transportation	1,250	18.84	16.84	235	235	210	210	
- T S G Asset Co., Ltd. (Formerly "Thai Sugar Asset Co., Ltd.")	Silo Warehouse and Property rental	50,000	4.12	4.12	2,061	2,061	2,061	2,061	
- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	3.93	1.61	787	787	323	323	
- T S G Property Co., Ltd. (Formerly "Thai Sugar Property Co., Ltd.")	Silo Warehouse	30,000	4.13	4.13	1,238	1,238	1,238	1,238	
- TS Warehouse Co., Ltd.	Sugar Depository and Silo Warehouse	12,500	4.07	4.07	508	508	509	509	
- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	7.98	2.00	9	9	2	2	
- Kerry Siam Seaport Co., Ltd.	Seaport	484,500	11.23	7.80	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)	
General Investments – Net					59,621	59,621	42,523	42,523	
<b>12.3 Investment in Held-to-Maturity Debt Securities</b>									
- Bond					13,712	13,265	6,697	6,732	
Total Other Long-term Investments - Net					81,548	80,589	53,755	53,521	

As at April 30, 2007 and October 31, 2006, the Company and its subsidiary companies used bonds to pledge as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in the consolidated financial statements of Baht 13.53 million and Baht 13.09 million respectively and in the Company's financial statements of Baht 6.52 million and Baht 6.55 million respectively.

### 13. Deferred Cane Plantation Cost - Net

Movement for the six-month period ended April 30, 2007 is as follows:-

(Unit : Thousand Baht)

	Consolidated	The Company Only
Beginning Book Value-Net	82,500	55,583
Additional cost during the period		
- Cost of cane plantation	92,601	33,859
- Depreciation	4,653	1,262
Accumulated cost of canes planted	179,754	90,704
Accumulated written-off canes cost	(101,004)	(78,949)
Ending Book Value	78,750	11,755
Allowance for accumulated value impairment	(3,734)	-
Ending Book Value-Net	75,016	11,755



The Company and its subsidiary companies recorded the deferred cane plantation cost at the cost value less accumulated written-off canes cost and allowance for accumulated value impairment because of the short cane plantation period of approximately 10-13 months and the fair value of the cane fluctuate with the weather of the plantation area which resulted in the volume and quality of the cane produced.

In the second quarter of the year 2007, at Baht 1.42 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands and the Baht 57.49 million portion belongs to three subsidiary companies who perform cane plantation on leased land as follows:-

- The first subsidiary company leased the land from another subsidiary company at Baht 2.38 million.
- The second subsidiary company leased the land from the government of the Lao People's Democratic Republic as specified in the notes to the financial statements No. 25.1 at Baht 13.94 million.
- The third subsidiary company leased the land from the government of the Kingdom of Cambodia as specified in the notes to the financial statements No. 25.2 at Baht 41.17 million.

#### 14. Property, Plant and Equipment - Net

Movement for the six-month period ended April 30, 2007 is as follows: -

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning Book Value - Net	7,227,283	2,335,547
Purchase	445,887	100,445
Transfer in	1,145,869	196,983
Sale	(17,173)	(5,084)
Written – off of Revaluation Surplus on Assets	(12,530)	-
Transfer out	(1,145,869)	(196,983)
Reclassified to real estate development cost	(14,081)	-
Depreciation	(151,001)	(66,400)
Depreciation- Revaluation Surplus on Assets	(98,546)	(28,333)
Accumulated Depreciation – Sale	13,541	4,965
Accumulated Depreciation – Written off of Revaluation Surplus on Assets	4,836	-
Ending Book Value - Net	7,398,216	2,341,140

In the consolidated financial statements as at April 30, 2007 and October 31, 2006, the Company and its subsidiary companies pledged land together with construction and machinery at cost amount of Baht 3,948.95 million and Baht 3,354.30 million respectively and in the Company's financial statements the same amount of Baht 1,412.22 million in both periods as collaterals against short-term and long-term credit facilities with commercial banks.

For the six-month period ended April 30, 2007 and for the year ended October 31, 2006, in the consolidated financial statements, the cost of project during construction included interest expenses of Baht 8.61 million and Baht 14.79 million respectively arisen from long-term loans obtained for construction of factory and machine installation.

As at April 30, 2007 and October 31, 2006, assets of a subsidiary company for the amounts of Baht 79.31 million and Baht 32.54 million respectively were made on land leased from the parent company for the period of 30 years.

As at April 30, 2007 and October 31, 2006, in the consolidated financial statements, assets in cost value of Baht 3,614.75 million and Baht 3,427.00 million respectively and in the Company's financial statements, of Baht 1,169.84 million and Baht 1,159.89 million respectively, were fully depreciated but still in use.

During the year 2007, the management of a subsidiary company considered to change its objective in holding investment in properties from formerly for business of rental and sale to for the rental business thus in the year 2007, in the consolidated financial statements accounting item of investment in properties was shown as part of property, plant and equipment - net and the same item in the year 2006 of Baht 75.86 million was reclassified for comparison. The accounting policy as used is to initially show this investment item at cost less by accumulated depreciation of which method is based on a straight-line basis over the useful life of 5-20 years which is not different from those used for property, plant and equipment.

As the Company and its subsidiary companies choose to account by cost method and when there is an increase in asset revaluation, only net increase of book value will be recorded to related asset account along side with revaluation surplus on assets account. As at April 30, 2007 and 2006 in the consolidated financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 98.55 million and Baht 107.24 million respectively and in the Company's financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amount of Baht 28.33 million and Baht 28.85 million respectively.

If the Company and its subsidiary companies chooses to account for depreciation of capital surplus through the income statement, the net profit for the six-month periods ended April 30, 2007 and 2006 in the consolidated financial statements will be shown at amounts decreased by Baht 98.55 million and Baht 107.24 million respectively and earnings per share decreased by Baht 0.06 and Baht 0.07 per share respectively and in the Company's financial statements, net profit for the six-month periods ended April 30, 2007 and 2006 will be shown at amount decreased by Baht 28.33 million and Baht 28.85 million respectively and earnings per share decreased by Baht 0.02 per share in both periods.

15. Loans for Cane Plantation Development - Net

Consisted of :

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	
	<u>As at</u>	
	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Loans for Cane Plantation Development	134,939	163,119
<u>Less</u> Allowance for Doubtful Debts	(4,696)	-
Net	<u>130,243</u>	<u>163,119</u>

As at April 30, 2007 and October 31, 2006, three subsidiary companies gave loans to cane farmers for cane plantation development in order to use such loans to buy land and agricultural equipments for plantation purpose. The loans contracts are for the term of 2-10 years onward and interest rate is the same 6.00-10.00% per annum in both periods. Most of farmers used land and vehicles as collaterals.

16. Bank Overdrafts and Short-Term Loans due to Financial Institutions

Consisted of :

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Bank Overdrafts	16,869	4,109	157	-
Loans due to Financial Institutions	911,363	933,000	500,000	845,000
Trust Receipts Payable	1,137	195,703	-	-
Packing Credits Payable	851,331	153,168	-	-
Total	<u>1,780,700</u>	<u>1,285,980</u>	<u>500,157</u>	<u>845,000</u>

In the consolidated and the Company's financial statements as at April 30, 2007 and October 31, 2006, bank overdrafts carrying interest rate is the same at MOR per annum in both periods.

In the consolidated and the Company's financial statements as at April 30, 2007 and October 31, 2006, loans due to financial institutions are loans in the form of promissory notes with the maturity period ranged from 3-6 months and carrying interest rates of 4.70-7.50% and 5.375-6.75% per annum respectively.

Bank overdrafts, loans due to financial institutions and trust receipts payable were guaranteed by pledging part of land and construction, the leasehold right of land, machinery and equipments and fixed deposits of the Company and its subsidiary companies.

Packing credits payable is a loan agreement of a subsidiary company with a commercial bank for the benefit of the Company, two subsidiary companies and a related company, which is required to issue a promissory note to pay the amount equivalent to that of the packing credit loan for keeping as a collateral (as specified in the notes to the financial statements no. 3.1). This loan agreement has the following details:-

- The remaining principal balance is in the consolidated financial statements as at April 30, 2007 and October 31, 2006 at amounts of Baht 72.62 million and Baht 76.28 million respectively is required to be repaid within the year 2015. Those who give credit facilities reserve right to alter the repayment period of the principal annually. Land together with construction, machines and bank deposit of the related company were pledged as collaterals, and also the subsidiary company's directors and related persons took part in pledging guarantees.
- The remaining principal balance in the consolidated financial statements as at April 30, 2007 and October 31, 2006 at amounts of Baht 778.71 million and Baht 76.89 million respectively was charged interest rate at 4.50-MLR% per annum and guaranteed by the Company and subsidiary companies's goods as specified in notes to financial statements No. 8 and guaranteed by the related company's goods.

#### 17. Other Short-Term Loans

As at April 30, 2007, the Company issued unsecured short-term bills of exchange with discount rates approximately 5.03-5.15% per annum with the details as follows:-

(Unit : Thousand Baht)

Bill of Exchange No.	Code	Term (Days)	Consolidated/The Company only			
			Maturity date	Par Value	Prepaid Interest	Net
2/2550	KSL1A57	89	May 2, 2007	500,000	136	499,864
3/2550	KSL1B57	87	May 4, 2007	100,000	54	99,946
4/2550	KSL1A87	181	Aug 6, 2007	80,000	1,068	78,932
5/2550	KSL1C57	86	May 4, 2007	164,000	90	163,910
6/2550	KSL1B87	180	Aug 6, 2007	46,000	614	45,386
7/2550	KSL1D57	79	May 3, 2007	50,000	21	49,979
8/2550	KSL1E57	89	May 22, 2007	300,000	899	299,101
9/2550	KSL1F57	88	May 22, 2007	300,000	899	299,101
10/2550	KSL1G57	89	May 28, 2007	200,000	735	199,265
11/2550	KSL1A67	96	Jun 6, 2007	120,000	604	119,396
12/2550	KSL1B67	87	Jun 1, 2007	380,000	1,656	378,344
13/2550	KSL1A97	182	Sep 4, 2007	20,000	346	19,654
14/2550	KSL1AD7	270	Dec 11, 2007	250,000	7,645	242,355
Total				2,510,000	14,767	2,495,233

18. 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>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Trade Accounts Payable-Cane Purchase	62,672	301,550	-	90,006
Trade Accounts Payable	126,826	191,610	110,048	116,120
Notes Payable	136,651	13,439	70,853	11,856
Total	<u>326,149</u>	<u>506,599</u>	<u>180,901</u>	<u>217,982</u>

As at April 30, 2007, the Company and its three subsidiary companies purchased canes for production season 2006/2007 using announced initial cane price for production season 2006/2007 as published in the Royal Gazette dated January 19, 2007. This price is Baht 800 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 48.00 per cane ton. Until the date of the auditor's report, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2006/2007, which the management of the Company and the subsidiary companies expect that the final cane price will be lower than the initial price and therefore calculate the cost of goods sold and inventories for the six-month period ended April 30, 2007 from estimation by the management of the Company and the subsidiary companies at cane price of Baht 852.62-907.74 per cane ton with average sweetness level at 10.50-12.48 c.c.s. The difference of these two prices was booked as other accounts receivable as specified in notes to financial statements No. 10.

As at October 31, 2006, the Office of the Cane and Sugar Board had not announced the final price of cane for the production season 2005/2006, so the Company and three subsidiary companies recorded the trade accounts payable for cane purchases and calculated the cost of goods sold and inventories at the end of the period as at October 31, 2006 by using the final price of cane estimated by the Company's and the subsidiary companies' management. In the first quarter of the year 2007, the Office of the Cane and Sugar Board announced the final price of cane for the production season 2005/2006 as published the Royal Gazette dated December 29, 2006, where there was no difference between the announced final price of cane and the estimate made by the Company and the subsidiary companies' management.

19. 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>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Loans due to Commercial Banks	1,399,559	908,454	172,000	35,000
<u>Less</u> Current Portion of Long-Term Loans	(202,000)	(85,100)	(112,000)	(35,000)
Net	1,197,559	823,354	60,000	-

Movement of long-term loans for the six- month period ended April 30, 2007 is as follows: -

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value balance	908,454	35,000
Increase in the period	569,205	200,000
Repayment in the period	(78,100)	(63,000)
Ending book value balance	1,399,559	172,000

In the consolidated and the Company's financial statements as at April 30, 2007 and October 31, 2006, the Company and its subsidiary companies obtained loans from four commercial banks with interest rates at 3.50% to MLR-1.50% per annum and at 3.50% to MLR-1.25% per annum respectively. The credit facilities obtained can be classified into 9 credit lines with important covenants as follows:-

- The parent company's principal limit of the first credit line is Baht 490.00 million with the remaining balance of the principal as at October 31, 2006 of Baht 35.00 million. The repayment period is for 4 years since the date of first withdrawal of the loan, which 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 60.00 million each. The final installment is to be made on December 2007 at Baht 35.00 million. The interest is payable at the end of each month. The Company pledged a part of machinery and equipment as collateral. On December 29, 2006, this amount of loan was fully repaid.
- The parent company's principal limit of the second credit line in Baht 200.00 million with the remaining balance of the principal as at April 30, 2007 of Baht 172.00 million, which has to be repaid by August 31, 2008, repayable every three months commencing from March 2007 until June 2008 in total of 6 installments at Baht 28.00 million each and the final installment with Baht 32.00 million repayment made in August 2008. Interest has to be paid at the end of each month and no securities were required but the following conditions have to be followed:-

- The Company shall not alter any significant matters to affect of change the status of the Company being a limited public company.
- The Company must maintain the proportion of shareholding of the major shareholders group, both directly and indirectly not less than 50% of the total shares of the Company.
- The Company must maintain the ratio of total liabilities to shareholders' equity lower than 1:1.
- A subsidiary company's principal limit of the third credit line is Baht 200.00 million with the remaining balance of the principal as at October 31, 2006 of Baht 0.10 million. The interest is payable at the end of each month. The subsidiary company pledged land together with construction and machinery as collateral against this credit facility. The principal is repayable full installment is to be made on March 2007.
- A subsidiary company's principal limit of the fourth credit line is Baht 200.00 million with the remaining balance of the principal of Baht 200.00 million for both periods. The principal has a grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterwards, the repayment has to be made six-monthly, totaling 10 installments. The repayment for 1st to 9th installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10th installment. The interest is monthly repayable. The subsidiary company pledged all land together with construction that the subsidiary company may have in the future and all machinery of the project as collaterals and this loan has following important conditions :-
  - The subsidiary company must have the registered capital at not less than Baht 100.00 million and the paid-up capital must be not less than 25% prior to or at the date of the first withdrawal of the loan.
  - The parent company must maintain the shareholding proportion in the said subsidiary company at the rate not less than 85% of the issued and paid-up share capital though out the period of the loan.
  - The subsidiary company is not able to pay dividend except when it can repay the principal and interest according to the agreement.
  - Except loans from shareholders or companies within the group, the subsidiary company must not enter into additional long-term loan agreements unless it has obtained prior approval from the lenders.
- A subsidiary company's principal limit of the fifth credit line is Baht 800.00 million with the remaining balance of the principal of Baht 358.05 million and Baht 272.35 million respectively. The principal has a grace period of 3 years 6 months from the date of the first withdrawal (December 30, 2005). Afterwards, the repayments are to be made at six-monthly totaling 14 installments. The repayment for 1<sup>st</sup> to 13<sup>th</sup> installment is at Baht 57.50 million. The remaining principal must be repaid on the 14<sup>th</sup> installment. The interest is monthly repayable. This loan has following important conditions:
  - The subsidiary company must hand over the leasehold right of the factory land to the bank where the land leasehold period must be not less than 30 years.

- The subsidiary company has to register the pledge of construction that the subsidiary company may have in the future and machinery of the project with the principal of pledge at Baht 1,000.00 million to be completed within 2 years from the date of the first withdrawal.
- The parent company has to fully guaranteed against any form of credit facility.
- The subsidiary company, with the bank as its beneficiary, has to insure the constructions and machinery. The highest insured value must be equal to the value acceptable by the insurance company.
- A subsidiary company's principal limit of the sixth credit line is Baht 300.00 million with the remaining balance of the principal of Baht 290.00 million and Baht 295.00 million respectively. The principal period is repayable every 6 months. The first installment is to be made on September 2006 until March 2012 for the total of 12 installments. The repayment for 1<sup>st</sup> - 2<sup>nd</sup> installment is at Baht 5.00 million, 3<sup>rd</sup> - 4<sup>th</sup> installment is at Baht 25.00 million, 5<sup>th</sup> - 8<sup>th</sup> installment is at Baht 27.50 million, 9<sup>th</sup> - 10<sup>th</sup> installment is at Baht 30.00 million and 11<sup>th</sup> - 12<sup>th</sup> installment is at Baht 35.00 million. The interest is monthly repayable. The subsidiary company pledged land together with construction and machinery as collateral against credit facility.
- A subsidiary company's principal limit of the seventh credit line is Baht 200.00 million with the remaining balance of the principal of Baht 115.00 million and Baht 65.00 million respectively. Interest is payable every three months and repayment of the principal loan to be made twice every year for the total of 12 installments within May 31 and November 30 of each year. Installments of principal repayment are uneven ranging from Baht 5.00-30.00 million commencing from the first installment on May 31, 2009 and the last one within November 30, 2014. The parent company has jointly guaranteed for the full amount.
- A subsidiary company's principal limit of the eighth credit line is Baht 100.00 million with the remaining balance of the principal of Baht 90.00 million and Baht 41.00 million respectively. Interest is payable on the end date of each month and repayment of principal has to be made every six months for the total of 10 installments at Baht 10.00 million each with the first installment falls on the last working day of the sixth month since the first withdrawal of the loan (August 7, 2006) and full repayment completed within five years since the first withdrawal of the loan. The subsidiary company's land together with construction on it was pledged as collateral.
- A subsidiary company's principal limit of the ninth credit line is Baht 200.00 million with the remaining balance of the principal as at April 30, 2007 of Baht 174.51 million. The principal has to be repaid six-monthly in total of 10 installments at Baht 20.00 million per installment. The first installment is repayable on June 2008 to until December 2012. An assigned land leasehold right, a mortgage of the subsidiary company's land together with building and machines are pledged as collaterals. Another subsidiary company jointly offers its guarantee. The subsidiary company has also entered into fire insurance policy for the construction and machinery with equipments at the limit of Baht 300.00 million or the maximum limit acceptable to the insurance company where the lending bank is the beneficiary.



20. Surplus from Internal Restructure of Entities under Common Control

In the consolidated financial statements, movement of surplus from internal restructure of entities under common control for the six-month period ended April 30, 2007 is as follows: -

	(Unit : Thousand Baht)		
	<u>Revaluation Surplus on</u>	<u>Discount from Internal Restructure</u>	<u>Net</u>
	<u>Assets-Subsidiary Companies</u>	<u>of Entities under Common Control</u>	
Beginning balance	1,387,576	(263,643)	1,123,933
Decrease in the period	(62,282)	-	(62,282)
Ending balance	1,325,294	(263,643)	1,061,651

21. Dividend Paid and Legal Reserve

In accordance with the minutes of the annual shareholders' general meeting No. 1/2550 held on February 27, 2007, it was unanimously resolved to appropriate Baht 30.20 million from net profit in 2006 to legal reserve, and to pay dividends, from operating result of the Company from November 1, 2005 to October 31, 2006 at the rate of Baht 0.22 per share totaling Baht 341.00 million. The dividend had been paid to shareholders on March 27, 2007.

In accordance with the minutes of the annual shareholders' general meeting No. 1/2549 held on February 27, 2006, it was unanimously resolved to appropriate Baht 16.42 million from net profit in 2005 and Baht 36.40 million from net profit of the previous year to legal reserve, and to pay dividends, from operating result of the Company from November 1, 2004 to October 31, 2005 at the rate of Baht 0.16 per share totaling Baht 247.98 million. The dividend had been paid to shareholders on March 27, 2006.

22. Cash and Cash Equivalents

Consisted of : -

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at April 30,</u>		<u>As at April 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and Deposits at Financial Institutions	316,830	212,511	53,532	32,278
Short-Term Investments				
- Promissory Notes	17,000	62,800	-	-
- Investment in marketable securities	5,734	5,734	-	-
<u>Less</u> Adjustment of investments to fair value	(2,790)	(1,989)	-	-
Total	336,774	279,056	53,532	32,278
<u>Less</u> Investment in marketable securities-Net	(2,944)	(3,745)	-	-
Net	333,830	275,311	53,532	32,278

In the consolidated financial statements as at April 30, 2007 and 2006, short-term investments were deposits in the form of promissory notes with interest rates of 3.50-4.50% and 1.75-3.75% per annum respectively.

### 23. Disclosure of Sectoral Business Operations

#### Consolidated

#### For the six- month periods ended April 30, 2007 and 2006

(Unit : Million Baht)

	Manufacture and Distribution of Sugar And Molasses			Manufacture and Distribution of Alcohol		Production and Sale of Electricity		Real Estate Rental		Land Appropriation for Housing		Others		Total		
	2007			2006		2007		2006		2007		2006		2007		
	Thai	Laos	Cambodia													
Net Operate Income -Domestic	1,753	-	-	1,597	180	189	145	34	108	61	1	1	31	1	2,218	1,883
Net Operate Income-Foreign	2,398	-	-	1,233	-	-	-	-	-	-	-	-	-	-	2,398	1,233
Total	4,151	-	-	2,830	180	189	145	34	108	61	1	1	31	1	4,616	3,116
Profit (loss) from Operation	756	(11)	(2)	685	43	38	88	32	44	23	(2)	(2)	(9)	(12)	907	764
Interest Expenses															(83)	(38)
Corporate Income Tax															(210)	(191)
Net Profit after Interest Expenses and Corporate Income Tax															614	535
<u>Less</u> Net Profit of subsidiary companies belonging to parent company before acquisition of shares															-	(1)
<u>Less</u> Net Profit of Minority Shareholders															(37)	(26)
Net Profit of Khon Kaen Sugar Industry Public Company Limited															577	508
Property, Plant and Equipment-Net as at April 30,	4,402	51	37	4,416	368	328	832	589	1,392	1,043	20	18	296	146	7,398	6,540
Central Assets	6,400	81	158	5,851	202	136	68	12	304	205	54	55	458	478	7,725	6,737
Total Assets as at April 30,	10,802	133	195	10,267	570	464	900	601	1,696	1,248	74	73	754	624	15,123	13,277

### 24. Obligations and Contingent Liabilities

As at April 30, 2007 and October 31, 2006, apart from liabilities reflected in the financial statements, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

24.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered as in the consolidated financial statements for the amounts of Baht 7,542.41 million and Baht 2,101.24 million respectively and as in the Company's financial statements for Baht 5,320.35 million and Baht 1,028.91 million respectively.

24.2 As at April 30, 2007, the Company and the three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2007/2008 at the total of Baht 178.41 million and as at October 31, 2006, the Company and the three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2006/2007 at total of Baht 419.58 million. The Company and the subsidiary companies have not recorded the said liabilities as the cheques are not yet due and the cane of the said production season has not been received from farmers.

24.3 The Company and its subsidiary companies had unutilized credit lines of bank overdrafts , short term and long term loans from commercial banks with the limits as in the consolidated financial statements of Baht 6,098.41 million and Baht 5,771.54 million respectively and as in the Company's financial statements of Baht 1,833.00 million and Baht 1,408.00 million respectively. These credit lines were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of factory site as collaterals and the subsidiary companies' directors also participated in guarantee against the credit facilities. But when some of the credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.

24.4 The Company and the three subsidiary companies had issued cheques as guarantee for abiding by the regulations to the Office of the 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>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
For the production season 2004/2005	79.56	79.56	42.98	42.98

24.5 A subsidiary company made a sale-purchase contract of electricity with the Electricity Generating Authority of Thailand (EGAT) on February 21, 2005 requiring the subsidiary company to commence selling electricity within October 31, 2006 for 21 years and EGAT agrees to buy electricity not less than 80% of electricity supply generated under the contract (20 megawatts per month). The subsidiary company had commenced to sell electricity to EGAT since December 26, 2006.

(Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>April 30, 2007</u>	<u>October 31, 2006</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Utilized Letters of Guarantees	51.83	93.32	1.73	1.33

24.7 In the consolidated and the Company's financial statements, the Company and its subsidiary companies' credit lines issued from bank obligations pledged against land together with constructions, machinery, electricity generating equipment and goods as collateral were not utilized with details as follows:-

	<u>Consolidated</u>			
	<u>As at</u>			
	<u>April 30, 2007</u>		<u>October 31, 2006</u>	
	<u>Million USD</u>	<u>Million Baht</u>	<u>Million USD</u>	<u>Million Baht</u>
Letter of Credit	-	179.74	0.01	525.16
Forward Contracts	21.00	-	20.00	527.80
Letters of Guarantees	-	79.00	-	114.11
Packing Credit	-	971.28	-	333.12

	<u>The Company Only</u>	
	<u>As at</u>	
	<u>April 30, 2007</u>	<u>October 31, 2006</u>
	<u>Million Baht</u>	<u>Million Baht</u>
Letter of Credit	55.00	55.00
Letters of Guarantees	50.00	30.00

Apart from these, as at April 30, 2007 and October 31, 2006, the Company entered into an agreement to guarantee for the debt repayment of subsidiary companies for every type of debt that may occur in the future with a commercial bank at the limit of Baht 2,381.00 million and Baht 3,981.00 million respectively.

24.8 As at April 30, 2007, a subsidiary company entered into an agreement of construction and decoration of new factory with 14 construction companies totaling amount at Baht 425.84 million, the subsidiary company has remaining obligations under the contracts of Baht 62.80 million.

24.9 As at October 31, 2006, a subsidiary company entered an agreement to buy land for the value of Baht 5.90 million in which the subsidiary company still has obligation remained outstanding at Baht 5.21 million.

24.10 As at April 30, 2007, a subsidiary company entered an agreement to purchase forward organic cane with an organic a farmers group to rehatitate natural environment at Bo Look Rung Village. Under the agreement, the subsidiary company agreed to purchase 3,500 metric ton of fresh cane or fresh cane in the area of 198 rais at price not less than the initial price as announced the Cane and Sugar Board and to deliver cane in season 2007/2008.

## 25. Other Significant Information

25.1 On February 16, 2006, Savannkhet Sugar Corporation, a subsidiary company, made a contract to develop area in the Lao People's Democratic Republic with the government of that country to be used as the subsidiary company's office building, factory unit, road and area for cane plantation for the total area of 10,000 hectares covering the period of 30 years which can to extended for another 20 years if approved by the counter party. Presently further step is undertaking to fix the area for the purpose of calculating rental price which amounts to USD 6 per hectare per annum.

25.2 In accordance to minutes of the Company's meeting of the executive board No. 8/2549 held on July 28, 2006, it resolved for the Company to invest in ordinary shares of Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. at the rate of 50% in each company for the total USD 5.00 million. This investment was a joint investment with foreigners and the said two companies had entered into the memorandum of understanding with the government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar factory and to apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia, in total of 20,000 hectares covering the period of 90 years and the rental price has a grace period of the first 4 years, afterwards, the rate of rental price of USD 1 - 4 per hectare per annum. At present, it is in the process of fixing the area so that the rental price can be calculated.

25.3 In accordance with the minutes of the annual shareholders' general meeting No. 1/2550 held on February 27, 2007, authority is given for issuance and proposal for sale of debt instruments in various forms at one time for full amount and/or several times and /or as a project depending on judgment and necessity for use of fund of the Company. The limitary total amount for this issuance is not more than Baht 10,000.00 million with the following conditions:

- 1) Category of debts instruments: with or without securities, subordinated or non-subordinated, convertible or non-convertible, specified names of debt-holders with or without representatives (in case of debenture)
- 2) Thai Baht currency or equivalent foreign currency using exchange rate at times of issuance each time
- 3) Proposed sale value is equal to principal amount of issued debt instruments which must not be more than Baht 10,000.00 million.
- 4) The maturity period should not be more than 20 years.

## 26. Financial Instruments

### Policy to Manage Financial Risk

The Company and its subsidiary companies possess risk regarding to changes of market interest rates and in currency exchange rates and from nonperformance of contractual obligations by counter parties. The Company and its subsidiary companies will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Company and its subsidiary companies do not have 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's and its subsidiary companies' operating results and cash flows, since the Company and its subsidiary companies have bank deposits and loans due to financial institutions. However, these financial assets and liabilities bear interest rates comparable to market interest rates, the Company and its subsidiary companies believe that no material risk derived from interest rates.

Risk on Exchange Rate

Risk on exchange rates for the Company and its subsidiary companies mainly involves with sales of goods and import of machine made in foreign currencies. As at April 30, 2007 and October 31, 2006, 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>Consolidated</u>	
		<u>As at</u>	
	<u>Foreign Currency</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Assets	Thousand US Dollar	12,590	11
Liabilities	Thousand US Dollar	621	-
	Thousand Japanese Yen	147,000	147,000

		<u>The Company Only</u>	
		<u>As at</u>	
	<u>Foreign Currency</u>	<u>April 30, 2007</u>	<u>October 31, 2006</u>
Assets	Thousand US Dollar	3,014	11
Liabilities	Thousand US Dollar	461	-

As at April 30, 2007, a subsidiary company entered a forward sale contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency. The subsidiary company has not recorded such financial liability in the financial statements. The due date for payment of the forward contract already committed has outstanding period of not greater than 6 months with the following details :-

<u>Consolidated</u>		
<u>Amount fixed in the contract</u>	<u>Amount earned in the contract</u>	<u>Fair value</u>
<u>'000 USD</u>	<u>'000 BAHT</u>	<u>'000 BAHT</u>
554	19,844	19,465

Credit Risk

The Company and its subsidiary companies have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans due from farmers and loans due from related persons and companies. However, since the Company and its subsidiary companies pursue conservative lending policy and the numbers of debtors are several, the Company and its subsidiary companies 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's and its subsidiary companies' management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

27. Approval of Financial Statements

These financial statements were approved for issuance by the Company's audit committee on June 11, 2007.

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