

## **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 July 31, 2005, the related consolidated and the Company statements of income for the three-month and nine-month periods ended on July 31, 2005, changes in shareholders' equity and cash flows for the nine-month period ended on the same date 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 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 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 subsidiary companies 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 end of the year 2002 thereon in the report 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 for the three-month and nine-month periods ended on July 31, 2004, changes in shareholders' equity and cash-flow for the nine-month period ended on the same date of KHON KEAN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies 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 exception of limitation since the consolidated and the Company statements of income for the three-month and nine-month periods ended on July 31, 2003, the consolidated and the Company statements of changes in shareholders' equity and the cash flow statement for the nine-month period ended on July 31, 2003 as presented herein for comparison purpose have not been reviewed by an auditor. Also the Company did not present the consolidated cash flow statement for the nine-month period ended on July 31, 2003 which needed for comparison purpose, thus not in accordance to the generally accepted accounting standard as in the report dated August 27, 2004.

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

( Miss Praphasri Leelasupha )

Certified Public Accountant Registration No. 4664

Bangkok,

September 12, 2005

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

## BALANCE SHEETS

AS AT JULY 31, 2005 AND OCTOBER 31, 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
	Unaudited	Audited	Unaudited	Audited
	Limited Review Only		Limited Review Only	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash at Financial Institutions	258,159	331,867	89,987	51,027
Short-Term Investments	85,011	166,500	-	-
Trade Accounts and Notes Receivable (Note 4)	133,070	134,370	93,261	100,003
Trade Accounts and Notes Receivable - Subsidiary and Related Companies (Notes 3.1, 5)	15,272	2,551	30,623	7,955
Farmer Accounts Receivable -Net (Note 6)	95,991	86,842	-	-
Short-Term Loans due from Subsidiary Companies, Related Party and Related Companies (Note 3.1)	162,961	122,322	5,577	25,738
Short-Term Loan due from Other Company	-	2,796	-	2,796
Short-Term Loan due from Farmers (Note 7)	369,005	316,360	121,154	43,887
Inventories (Note 8)	1,855,649	652,871	1,115,859	351,895
Supplies-Net (Note 9)	189,915	180,635	101,049	89,304
Other Current Assets	41,287	66,668	16,067	43,178
<b>TOTAL CURRENT ASSETS</b>	<b>3,206,320</b>	<b>2,063,782</b>	<b>1,573,577</b>	<b>715,783</b>
NON-CURRENT ASSETS				
Investments under Equity Method (Note 10)	48,857	48,747	2,316,214	1,778,899
Other Long-Term Investments-Net (Note 11)	79,210	78,883	51,942	51,628
Investment Property-Net (Note 12)	79,299	-	-	-
Property, Plant and Equipment-Net (Note 13)	5,813,773	5,559,709	2,250,610	2,201,659
Land not used in Operation	160,989	144,896	124,638	108,545
Obligated Fixed Deposits	5,160	35,134	5,160	35,134
Other Non-Current Assets	39,342	26,012	3,589	2,701
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,226,630</b>	<b>5,893,381</b>	<b>4,752,153</b>	<b>4,178,566</b>
<b>TOTAL ASSETS</b>	<b>9,432,950</b>	<b>7,957,163</b>	<b>6,325,730</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 JULY 31, 2005 AND OCTOBER 31, 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	2005	2004	2005	2004	
	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 14)	595,261	446,094	126,696	94,825
Trade Accounts and Notes Payable	(Note 15)	190,796	358,033	163,371	231,136
Trade Accounts and Notes Payable-Subsidiary Companies	(Note 3.1)	-	-	85,578	49,950
Current Portion of Long-Term Loans	(Note 18)	128,300	148,600	120,000	120,000
Short-Term Debenture	(Note 16)	500,000	-	500,000	-
Loans due to Subsidiary, Associated and Related Companies	(Note 3.1)	-	-	140,000	135,000
Accrued Corporate Income Tax		73,256	66,532	28,052	57,583
Advance Received from Customers for Goods		96,956	62,308	51,552	9,373
Accrued Stabilization Function Payment	(Note 17)	40,544	21,417	21,109	10,726
Accrued Manufacturing Expenses		167,877	-	75,738	-
Other Accrued Expenses		36,421	47,202	15,578	13,936
Other Accounts Payables		104,552	168,412	42,079	47,801
Other Current Liabilities		58,759	48,918	10,404	18,938
TOTAL CURRENT LIABILITIES		1,992,722	1,367,516	1,380,157	789,268
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 18)	146,568	181,600	35,000	155,000
Other Non-Current Liabilities		25,597	15,899	9,989	7,449
TOTAL NON-CURRENT LIABILITIES		172,165	197,499	44,989	162,449
TOTAL LIABILITIES		2,164,887	1,565,015	1,425,146	951,717

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 JULY 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 19)		
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				
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,550,000	-	1,550,000	-
1,270,462,080 Ordinary Shares @ Baht 1.00 Par Value	-	1,270,462	-	1,270,462
Premium on Share Capital	1,554,617	670,462	1,554,617	670,462
Revaluation Surplus on Assets-Parent Company	1,035,869	1,080,481	1,035,869	1,080,481
Revaluation Surplus on Assets-Subsidiary Companies	150,344	153,612	150,344	153,612
Surplus from Internal Restructure of Entities under Common Control (Note 20)	1,270,156	1,368,336	-	-
Unrealized Gain on Available for Sale Securities	2,630	2,445	2,630	2,445
Retained Earnings		(Note 21)		
Appropriated				
Legal Reserve	74,500	38,100	74,500	38,100
Unappropriated	532,624	727,070	532,624	727,070
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	6,170,740	5,310,968	4,900,584	3,942,632
Minority Shareholders' Equity	1,097,323	1,081,180	-	-
TOTAL SHAREHOLDERS' EQUITY	7,268,063	6,392,148	4,900,584	3,942,632
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,432,950	7,957,163	6,325,730	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 JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
REVENUES FROM OPERATION				
Sales and Services	1,575,898	1,394,716	1,017,638	873,611
Rental Income	8,418	9,198	7,704	6,533
Revenue from Sales of Electricity	7,289	1,446	7,289	-
Revenue from Sales of Fuel Oil and Cane Harvest	3,275	2,606	237	-
Revenue from Sales of Fertilizer	20,771	14,530	16,700	11,840
Gain on Sales of Assets	366	4,673	-	2,241
Participating Profit from Investments in Subsidiary and Associated Companies	110	85	9,639	121,503
Other Income	11,209	17,399	-	10,507
TOTAL REVENUES	1,627,336	1,444,653	1,059,207	1,026,235
EXPENSES FROM OPERATION				
Cost of Sales and Services	1,318,659	1,078,057	849,947	696,555
Other Cost of Sales	22,769	16,492	16,039	11,170
Selling and Administrative Expenses	139,529	113,780	79,270	72,556
Directors' Remuneration	7,394	4,555	1,395	1,287
TOTAL EXPENSES	1,488,351	1,212,884	946,651	781,568
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	138,985	231,769	112,556	244,667
INTEREST EXPENSES	(13,706)	(9,733)	(10,097)	(4,636)
CORPORATE INCOME TAX	(38,966)	27,533	(28,467)	(22,596)
NET PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	86,313	249,569	73,992	217,435
LESS NET PROFIT OF THE PARENT COMPANY BEFORE SHARE ACQUISITION	-	(1,246)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(12,321)	(30,888)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	73,992	217,435	73,992	217,435
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.05	0.17	0.05	0.17
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,270,462	1,550,000	1,270,462

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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
REVENUES FROM OPERATION				
Sales and Services	3,990,243	4,232,734	2,292,272	2,917,531
Rental Income	25,055	24,550	21,585	21,377
Revenue from Sales of Electricity	33,629	2,404	19,559	-
Revenue from Sales of Fuel Oil and Cane Harvest	106,005	131,694	37,541	52,427
Revenue from Sales of Fertilizer	32,167	14,736	26,608	12,002
Gain on Sales of Assets	400	80,750	-	23,118
Participating Profit from Investments in Subsidiary and Associated Companies	238	66	192,624	271,963
Other Income	74,268	149,210	36,420	77,020
TOTAL REVENUES	4,262,005	4,636,144	2,626,609	3,375,438
EXPENSES FROM OPERATION				
Cost of Sales and Services	2,951,193	3,252,215	1,713,600	2,338,466
Other Cost of Sales	108,386	129,315	60,911	65,623
Selling and Administrative Expenses	429,264	426,139	232,959	291,753
Directors' Remuneration	22,328	14,641	4,185	3,238
TOTAL EXPENSES	3,511,171	3,822,310	2,011,655	2,699,080
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	750,834	813,834	614,954	676,358
INTEREST EXPENSES	(35,689)	(31,296)	(26,427)	(13,667)
CORPORATE INCOME TAX	(189,802)	(133,012)	(111,342)	(108,502)
NET PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	525,343	649,526	477,185	554,189
LESS NET PROFIT OF THE PARENT COMPANY BEFORE SHARE ACQUISITION	-	(23,690)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(48,158)	(71,647)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	477,185	554,189	477,185	554,189
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.33	0.51	0.33	0.51
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,427,126	1,083,879	1,427,126	1,083,879

**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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004**

**CONSOLIDATED**

(Unit : Thousand Baht)

	Issued and Paid-up Shares 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	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	-	-	-	-	-	185	-	-	-	185
Depreciation-Revaluation Surplus on Assets	-	-	(44,612)	(3,268)	-	-	-	-	-	(47,880)
Decrease in Surplus from Internal Restructure of Entities under Common Control (Note 20)	-	-	-	-	(98,180)	-	-	-	-	(98,180)
Unrealized Transaction in Income Statements	1,270,462	670,462	1,035,869	150,344	1,270,156	2,630	38,100	727,070	1,081,180	6,246,273
Capital increase (Note 19)	279,538	884,155	-	-	-	-	-	-	-	1,163,693
Dividend Paid (Note 21)	-	-	-	-	-	-	-	(635,231)	-	(635,231)
Legal Reserve (Note 21)	-	-	-	-	-	-	36,400	(36,400)	-	-
Net Profit for the Period	-	-	-	-	-	-	-	477,185	-	477,185
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	16,143	16,143
Ending Balance as at July 31, 2005	1,550,000	1,554,617	1,035,869	150,344	1,270,156	2,630	74,500	532,624	1,097,323	7,268,063
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	-	-	-	-	-	145	-	-	-	145
Revaluation Surplus on Assets increase during the Period	-	-	716,503	-	-	-	-	-	-	716,503
Depreciation-Revaluation Surplus on Assets	-	-	(40,138)	-	-	-	-	-	-	(40,138)
Increase in Surplus from Internal Restructure of Entities under Common Control	-	-	-	-	1,419,235	-	-	-	-	1,419,235
Unrealized Transaction in Income Statements	900,000	300,000	1,080,709	-	1,419,235	2,602	24,100	327,922	230,237	4,284,805
Capital increase	370,462	370,462	-	-	-	-	-	-	-	740,924
Dividend Paid	-	-	-	-	-	-	-	(180,000)	-	(180,000)
Legal Reserve	-	-	-	-	-	-	14,000	(14,000)	-	-
Net Profit for the Period	-	-	-	-	-	-	-	554,189	-	554,189
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	329,601	329,601
Ending Balance as at July 31, 2004	1,270,462	670,462	1,080,709	-	1,419,235	2,602	38,100	688,111	559,838	5,729,519

**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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004**

**THE COMPANY ONLY**

(Unit : Thousand Baht)

	Issued and Paid-up Shares 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	-	-	-	-	185	-	-	185
Depreciation-Revaluation Surplus on Assets	-	-	(44,612)	(3,268)	-	-	-	(47,880)
Unrealized Transaction in Income Statements	1,270,462	670,462	1,035,869	150,344	2,630	38,100	727,070	3,894,937
Capital increase (Note 19)	279,538	884,155	-	-	-	-	-	1,163,693
Dividend Paid (Note 21)	-	-	-	-	-	-	(635,231)	(635,231)
Legal Reserve (Note 21)	-	-	-	-	-	36,400	(36,400)	-
Net Profit for the Period	-	-	-	-	-	-	477,185	477,185
Ending Balance as at July 31, 2005	1,550,000	1,554,617	1,035,869	150,344	2,630	74,500	532,624	4,900,584
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	-	-	-	-	145	-	-	145
Revaluation Surplus on Assets increase during the Period	-	-	716,503	-	-	-	-	716,503
Depreciation-Revaluation Surplus on Assets	-	-	(40,138)	-	-	-	-	(40,138)
Unrealized Transaction in Income Statements	900,000	300,000	1,080,709	-	2,602	24,100	327,922	2,635,333
Capital increase	370,462	370,462	-	-	-	-	-	740,924
Dividend Paid	-	-	-	-	-	-	(180,000)	(180,000)
Legal Reserve	-	-	-	-	-	14,000	(14,000)	-
Net Profit for the Period	-	-	-	-	-	-	554,189	554,189
Ending Balance as at July 31, 2004	1,270,462	670,462	1,080,709	-	2,602	38,100	688,111	3,750,446

**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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	477,185	554,189	477,185	554,189
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities				
Doubful Accounts (Reversal) - Farmer Accounts Receivable	4,544	(18,464)	-	(2,074)
Doubful Accounts - Advance Payments	250	-	-	-
Depreciation	121,072	99,076	70,204	69,019
Amortization of Leasehold Right	848	1,112	848	1,112
Amortization of Premium on Bond	56	-	44	-
Loss on Impairment of Assets	-	3,284	-	2,697
Loss on Impairment of General Investment in Other Companies (Reversal)	-	(1,477)	-	(1,425)
Gain on Received Land as Repayment from Farmer Accounts Receivable	(844)	-	-	-
Gain on Sales of Assets	(400)	(3,592)	-	(2,088)
Gain on Sales of Short-Term Investments	(86)	-	-	-
Gain on Sales of General Investments	-	(76,251)	-	(21,030)
Unrealized (Gain) loss on Exchange Rate	12	(107)	-	(35)
Written off Fixed Assets	-	8,830	-	-
Participating Profit from Investments under Equity Method	(238)	(66)	(192,624)	(271,963)
Equity Participation of Subsidiaries before Share Acquisition	-	(1,402)	-	-
Income from Stock Dividend from Subsidiary Company	-	(8)	-	-
Net Profit of Subsidiary Companies before Net Share Acquisition from Subsidiaries' Equity	-	(21,042)	-	-
Net Profit of Minority Shareholders	48,158	71,647	-	-
Net Profit of Subsidiary Companies belonging to Parent Company before Share Acquisition	-	23,690	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	650,557	639,419	355,657	328,402

**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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
(Increase)Decrease in Trade Accounts and Notes Receivable	1,301	(162,248)	6,742	21,565
(Increase)Decrease in Trade Accounts and Notes Receivable- Subsidiary and Related Companies	(12,721)	906,568	(22,668)	(385,481)
(Increase)Decrease in Farmer Accounts Receivable	(14,894)	61,804	-	3,521
(Increase)Decrease in Inventories	(1,202,778)	(237,231)	(763,964)	(210,696)
(Increase)Decrease in Supplies	(9,280)	28,920	(11,745)	34,111
(Increase)Decrease in Other Current Assets	25,131	44,845	27,111	12,931
(Increase)Decrease in Other Non-Current Assets	(14,178)	(20,035)	(1,736)	(15,324)
Increase(Decrease) in Trade Accounts and Notes Payable	(167,237)	(232,471)	(67,765)	(100,981)
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary Companies	-	(948,859)	35,628	438,721
Increase(Decrease) in Accrued Corporate Income Tax	6,724	(44,277)	(29,531)	(3,696)
Increase(Decrease) in Advance Received from Customers for Goods	34,635	(64,970)	42,179	(37,390)
Increase(Decrease) in Accrued Stabilization Function Payment	19,127	(98,774)	10,383	(50,852)
Increase(Decrease) in Accrued Manufacturing Expenses	167,877	241,011	65,355	99,274
Increase(Decrease) in Other Current Liabilities	(64,800)	(89,885)	(2,231)	17,293
Increase(Decrease) in Other Non-Current Liabilities	9,698	1,375	2,540	1,447
Net Cash Received (Used) from Operating Activities	(570,838)	25,192	(354,045)	152,845
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Short-Term Investments	47,010	(41,000)	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiary Companies, Related Party and Related Companies	(40,639)	158,436	20,161	(12,178)
(Increase)Decrease in Short-Term Loans due from Other Company	2,796	(9,000)	2,796	(9,000)
(Increase)Decrease in Short-Term Loans due from Farmers	(52,645)	(71,952)	(77,267)	11,921
Purchase of Investments-Subsidiary and Associated Companies	-	(32,000)	(418,468)	(84,946)
Net Cash Received from Purchasing Investments in Subsidiary Companies	-	52,752	-	-
Dividend Received from Investment in Subsidiary and Associated Companies	128	-	70,336	262
Purchase of General Investment	(385)	(25,441)	-	-
Sale of General Investment	-	198,050	-	85,064
Purchase of Investment Property	(80,355)	-	-	-
Purchase of Property, Plant and Equipment	(540,409)	(233,817)	(177,060)	(173,064)
Sale of Property, Plant and Equipment	904	38,307	-	39,839
Purchase of Land not used in Operation	(16,093)	(48,050)	(2,800)	(48,641)
(Increase)Decrease in Other Account Receivable-Related Company	-	90,000	-	90,000
(Increase)Decrease in Obligated Fixed Deposits	29,974	109,950	29,974	109,950
(Increase)Decrease in Deposit for Machinery	-	32,857	-	32,857
Net Cash Received (Used) from Investing Activities	(649,714)	219,092	(552,328)	42,064

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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to				
Financial Institutions	149,167	290,732	31,871	186,014
Increase (Decrease) in Short-Term Loans due to Related Companies	-	(41,000)	5,000	(17,000)
Increase (Decrease) in Short-Term Loans due to Directors and Shareholders	-	(469,531)	-	(452,531)
Increase (Decrease) in Short-Term Debenture	500,000	-	500,000	-
Cash Payment to Loan due to Other Companies	-	(13,399)	-	(8,905)
Cash Received from Long-Term Loan	83,268	335,000	-	335,000
Repayment of Long-Term Loans	(138,600)	(60,000)	(120,000)	(60,000)
Cash Received from Capital Increase	1,163,693	-	1,163,693	-
Dividend Paid to Parent Company's Shareholders	(635,231)	(180,000)	(635,231)	(180,000)
Dividend Paid to Minority's Shareholders	(9,653)	(848)	-	-
Increase in Minority Shareholders' Equity from additional purchased Investment	-	1,225	-	-
Net Cash Received (Used) from Financing Activities	1,112,644	(137,821)	945,333	(197,422)
Cash and Cash Equivalents Increase(Decrease) - Net	(107,908)	106,463	38,960	(2,513)
Cash and Cash Equivalents at the Beginning of the Period	446,367	155,336	51,027	52,920
Cash and Cash Equivalents at the Ending of the Period (Note 22)	338,459	261,799	89,987	50,407

## Additional Disclosure :

## 1. Cash payment during the period

- Interest Expenses	33,589	34,315	23,586	15,973
- Corporate Income Tax	183,745	204,737	140,873	112,198

## 2. For the nine-month period ended on July 31, 2005, the Company and its subsidiary companies have material items not affecting cash flow as follows:-

- In the consolidated financial statements, the Company written-off the surplus from internal restructure under common control at amount of Baht 98.18 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies amortize the depreciations of the revaluation surplus at amount of Baht 47.88 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies recognized unrealized gain on revaluation of available for sale securities amounting to Baht 0.19 million.
- The Company set off the inter sales-purchase of goods with 3 subsidiary companies at Baht 56.24 million.
- In the consolidated financial statements, a subsidiary company received land transferred from farmer account receivable as a repayment for debt at amount of Baht 2.04 million and reflected as gain on repayment from said debt at amount of Baht 0.84 million.

## For the nine-month period ended on July 31, 2004, the Company and its subsidiary companies 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 revaluation of property, plant and machinery, which resulted in the Company increase the asset value at net amount of Baht 676.36 million.
- In the consolidated financial statements, a subsidiary company performed a revaluation of the property, plant and machinery 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, which amortize the surplus at amount of Baht 54.99 million in the period.

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 NINE-MONTH PERIOD ENDED ON JULY 31, 2005 AND 2004

(Unit : Thousand Baht)

For the nine-month period ended on July 31, 2004, the Company and its subsidiary companies have material items not affecting cash flow as follows:- (continued)

- 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.
- The Company set off the inter sales-purchase of goods with 3 subsidiary companies at Baht 173.47 million.
- The Company recognized unrealized gain on available for sale securities amounting to Baht 0.15 million.
- The Company purchased investment in subsidiary companies and general investments from a subsidiary companies at amount of Baht 309.93 million by issuing promissory notes in amount of Baht 300.00 million and a part at amount of Baht 9.93 million was paid in cash.

3. In the first quarter of year 2004, the Company acquired the subsidiary companies. The market prices of assets 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	735,307
- Supplies-Net	84,308
- 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	(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
	848,523
Total Purchase Price	848,523
<u>Less</u> Purchase of Net Investment with Swapped Common Stocks	(740,924)
Cash and Cash Equivalents of Subsidiary Companies 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**  
**July 31, 2005 and 2004 (Unaudited/Limited Review Only)**  
**and October 31, 2004 (Audited)**

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1. Basis of Financial Statements 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 nine-month period ended on July 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>Incorporation</u>	<u>Kind of Business</u>
	<u>Holding</u>			
	<u>2005</u>	<u>2004</u>		
Thai Sugar Terminal Public Co., Ltd. and its subsidiary companies	23.82	23.82	Thailand	Sugar transportation service and silo warehouse and real estate rental
New Krung Thai Sugar Factory 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 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	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 July 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 statements.

## 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 subsidiary companies with related entities and party 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	
		July 31, 2005	October 31, 2004	July 31, 2005	October 31, 2004
<b>- Trade Accounts and Notes Receivable – Subsidiary and Related Companies</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	8,587	4,222
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	7,096	3,091
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	3,753	642
Thai Fermentation Industry Co., Ltd.	Related	14,314	162	11,187	-
Prachaup Industry Co., Ltd.	Related	402	1,233	-	-
Other Related Companies		556	1,156	-	-
Total		<u>15,272</u>	<u>2,551</u>	<u>30,623</u>	<u>7,955</u>
<b>- Cash Allowance for Sugar Exporter and Export Guarantee</b>					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,586	4,121
<b>- Trade Accounts and Notes Payable – Subsidiary Companies</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	15,603	38,266
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	27,059	2,918
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	42,916	8,766
Total		<u>-</u>	<u>-</u>	<u>85,578</u>	<u>49,950</u>
<b>- Advance Received from Customers for Goods</b>					
Thai Fermentation Industry Co., Ltd.	Related	40,420	4,718	25,442	4,418
<b>- Accrued Expenses</b>					
K.S.L. IT Center Co., Ltd.	Related	3,246	-	1,372	-
<b>- Short-Term Loans due from Subsidiary Companies, Related Party and Related Companies</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	50,000
Decrease in the period		-	-	-	(50,000)
Ending balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	20,000	-
Increase in the period		-	-	-	20,000
Decrease in the period		-	-	(20,000)	-
Ending balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	5,400	-
Increase in the period		-	-	-	5,400
Decrease in the period		-	-	-	-
Ending balance		<u>-</u>	<u>-</u>	<u>5,400</u>	<u>5,400</u>
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	7,500
Decrease in the period		-	-	-	(7,500)
Ending balance		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		July 31, 2005	October 31, 2004	July 31, 2005	October 31, 2004
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		-	-	-	-
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		178,977	33,780	-	-
Decrease in the period		(138,177)	-	-	-
Ending balance		162,784	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		(161)	(819)	(161)	(819)
Ending balance		177	338	177	338
Total		162,961	122,322	5,577	25,738

Loans due from subsidiary and related companies were loans in the form of promissory notes and repayable at call 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)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at		As at	
		July 31, 2005	October 31, 2004	July 31, 2005	October 31, 2004
<b>- Loan due to Subsidiary, Associated and Related Companies</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	55,000	-
Increase in the period		-	-	250,000	150,000
Decrease in the period		-	-	(305,000)	(95,000)
Ending balance		-	-	-	55,000
New Krung Thai Sugar Factory 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
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	140,000	-
Decrease in the period		-	-	-	-
Ending balance		-	-	140,000	-
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 Office Building				
Beginning balance		-	5,500	-	5,500
Increase in the period		-	-	-	-
Decrease in the period		-	(5,500)	-	(5,500)
Ending balance		-	-	-	-
Total		-	-	140,000	135,000
<b>- Short-Term Loan due to Directors and Shareholders</b>					
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 July 31, 2005 and October 31, 2004, loans due to related companies and loans due to directors and shareholders are loans repayable at call and carry interest rates at 1.25-1.50 percent and 3.00-5.00 percent per annum respectively.

### 3.2 Inter-Revenue and Expense

		(Unit : Thousand Baht)			
<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>For the nine-month period ended on July 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>- Sales</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	35,587	167,374
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	15,604	55,742
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	12,736	141,758
Thai Fermentation Industry Co., Ltd.	Related	61,454	34,734	42,305	27,000
Total		<u>61,454</u>	<u>34,734</u>	<u>106,232</u>	<u>391,874</u>
<b>- Purchases</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	159,679	232,434
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	91,388	200,699
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	63,041	177,602
Thai Fermentation Industry Co., Ltd.	Related	1,401	1,870	499	415
Total		<u>1,401</u>	<u>1,870</u>	<u>314,607</u>	<u>611,150</u>

#### Policy of Inter Price Setting for Goods

- 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 inter 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)			
<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>For the nine-month period ended on July 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>- Rental Income and Service</b>					
On Nuj Construction Co., Ltd.	Related	365	199	365	199
Chengteh Chinaware (Thailand) Co., Ltd.	Related	1,080	1,080	1,080	1,080
Khon Kaen MDF Board Co., Ltd.	Related	-	131	-	131
K. K. Wood Industry Co., Ltd.	Related	622	-	622	-
K.S.L. IT Center Co., Ltd.	Related	270	272	270	272
Total		<u>2,337</u>	<u>1,682</u>	<u>2,337</u>	<u>1,682</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 nine-month period ended on July 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
- Other Income					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	630	48
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	203	30
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	229	78
Thai Fermentation Industry Co., Ltd.	Related	222	145	68	90
K. K. Wood Industry Co., Ltd.	Related	-	20,766	-	20,766
Total		222	20,911	1,130	21,012
- Interest Received					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	239	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	152	-
Total		-	-	391	-
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	2,541	15,405
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	1,350	4,478
TS Warehouse Co., Ltd.	Subsidiary	-	-	611	6,527
Kerry Siam Seaport Co., Ltd.	Related	125	-	125	-
Total		125	-	4,627	26,410
- Other Expenses					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	-	2,304
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,949	4
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	394	32
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	-	267
Thai Fermentation Industry Co., Ltd.	Related	33	57	10	7
K.S.L. IT Center Co., Ltd.	Related	3,336	688	1,205	688
Total		3,369	745	3,558	3,302
- Interest Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	400	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	90	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	801	-
Total		-	-	1,291	-

### Policy of Price Setting

- Rental income and service are charged according to the mutually agreed agreements.
- Other income from K.K. Wood Industry Co., Ltd. is income from converting sugar at mutually agreed service fee and selling machinery in the mutually agreed prices.
- 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 nine-month period ended on July 31, 2004, the accompanying consolidated and the Company had disposed the General Investment of Chengteh Chinaware (Thailand) Co., Ltd. at book value amount of Baht 37.80 million and Baht 9.00 million respectively, to directors at the price of Baht 115.50 million and Baht 31.50 million respectively, and have gain profit on sales of General Investment of Baht 77.70 million and Baht 22.50 million respectively.

For the nine-month period ended on July 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
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 in Office 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

Consisted of :

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Accounts Receivable - Local				
Not yet due	103,759	70,725	80,232	52,969
Not over 30 days	18,598	20,813	6,070	7,414
Over 30 days but not over 60 days	661	300	-	-
Over 60 days but not over 90 days	-	-	-	-
Over 90 days	-	16	-	-
Total	123,018	91,854	86,302	60,383
Accounts Receivable – Foreign (Not yet due)	3,237	35,242	3,127	33,245
Notes Receivable	6,815	7,274	3,832	6,375
Total	133,070	134,370	93,261	100,003

5. 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Trade Accounts Receivable				
Not yet due	593	1,740	19,436	7,420
Not over 30 days	171	658	-	-
Over 30 days but not over 60 days	112	153	-	-
Total	876	2,551	19,436	7,420
Notes Receivable	14,396	-	11,187	535
Total	15,272	2,551	30,623	7,955

6. Farmer Accounts Receivable - Net

Consisted of:

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2005</u>	<u>October 31,2004</u>	<u>July 31, 2005</u>	<u>October 31,2004</u>
Cane Accounts Receivable				
Before Season 2000 / 2001	33,515	35,453	398	398
Season 2001 / 2002	6,565	7,035	-	-
Season 2002 / 2003	42,535	49,990	-	-
Season 2003 / 2004	27,358	36,333	-	-
Season 2004 / 2005	30,830	-	-	-
Total	140,803	128,811	398	398
Fuel Oil and Fertilizer Accounts Receivable	6,699	4,998	-	-
Total	147,502	133,809	398	398
<u>Less</u> Allowance for Doubtful Accounts	(51,511)	(46,967)	(398)	(398)
Net	95,991	86,842	-	-

7. Short-Term Loan due from Farmers

As at July 31, 2005 and October 31, 2004, short-term loan due from farmers consisted of 2 portions which are the loan with interest of 3.50-8.00% per annum and the loan in the form of post dated cheque in which the farmers discounted such cheque with the Company and its subsidiary companies. The discounting of the post dated cheques were based on the lending rate of Bank for Agriculture and Agricultural Cooperatives.

8. Inventories

In the consolidated financial statements as at 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Supplies	190,037	180,757	101,049	89,304
<u>Less</u> Allowance for Dilapidated Supplies	(122)	(122)	-	-
Net	189,915	180,635	101,049	89,304

10. Investments under Equity Method

Consisted of:

(Unit : Thousand Baht)

<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Consolidated</u>							
			<u>Share Capital</u>	<u>Shareholding</u>	<u>As at July 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 Company (Direct Holding)</u>		<u>2005</u>	<u>2004</u>							
Champion Fermentation Co., Ltd.	150,000	32.00	32.00	56,800	48,857	128	56,800	48,747	-	
Total				56,800	48,857	128	56,800	48,747	-	

(Unit : Thousand Baht)

<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>The Company Only</u>							
			<u>Share Capital</u>	<u>Shareholding</u>	<u>As at July 31, 2005</u>			<u>As at October 31, 2004</u>		
					<u>Investment</u>			<u>Investment</u>		
					<u>Cost</u>	<u>Equity</u>	<u>Dividend/ Stock Dividend</u>	<u>Cost</u>	<u>Equity</u>	<u>Dividend</u>
<u>Subsidiary and Associated Companies (Direct and Indirect Holding)</u>		<u>2005</u>	<u>2004</u>							
Thai Sugar Terminal Public Co., Ltd.	110,000	23.82	23.82	79,10	233,820	2,647	79,10	228,35	263	
New Krung Thai Sugar Factory Co., Ltd.	540,000	91.06	91.06	306,89	377,545	-	306,89	358,70	-	
Tamaka Sugar Industry Co., Ltd.	525,000	88.82	88.82	448,33	643,144	69,943	448,33	599,25	-	
New Kwang Soon Lee Sugar Factory Co., Ltd.	880,000	96.85	96.85	289,28	401,688	-	289,28	335,25	-	
K.S.L. Real Estate Co., Ltd.	140,000	80.31	80.31	89,13	66,948	-	89,13	68,87	-	
K.S.L. Export Trading Co., Ltd.	10,000	78.32	78.32	3,38	(2,235)	-	3,38	3,99	-	
KS Laxmi Co.,Ltd.	2,500	51.00	51.00	1,27	270	-	1,27	83	-	
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	100.00	399,97	399,623	-	100,74	100,17	-	
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	100.00	159,98	146,554	-	40,74	34,71	-	
Champion Fermentation Co., Ltd.	150,000	32.00	32.00	56,80	48,857	128	56,80	48,74	-	
Total				1,834,17	2,316,214	72,718	1,415,71	1,778,89	263	

As at July 31, 2005, the Company used the financial statements for the six-month period ended on June 30, 2005 of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements have not been audited by an auditor. The recognized equity in the income statement for the nine-month period ended on July 31, 2005 at amount of Baht 0.24 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.

In accordance with the minutes of the shareholders' extraordinary meeting No.1/2548 held on July 11, 2005 and No.2/2548 held on July 26, 2005 of New Krung Thai Sugar Factory Co., Ltd., it was unanimously resolved to reduce the registered capital by reduce the par value at Baht 1.25 per share amount to Baht 67.50 million thus from the former registered and paid-up capital of Baht 540.00 million (54 million ordinary shares at par value of Baht 10.00 per share) to Baht 472.50 million (54 million ordinary shares at the par value of Baht 8.75 per share) to deduct retained loss. Currently the subsidiary company is in the process of reducing the capital.

In accordance with the minutes of the shareholders' extraordinary meeting No.1/2548 held on July 11, 2005 and No.2/2548 held on July 26, 2005 of New Kwang Soon Lee Sugar Factory Co., Ltd., it was unanimously resolved to reduce the registered capital by reduce ordinary share at 66 million shares amount to Baht 660.00 million thus from the former registered and paid-up capital of Baht 880.00 million (88 million ordinary shares at the par value of Baht 10.00 per share) to Baht 220.00 million (22 million ordinary shares at the par value of Baht 10.00 per share) to deduct retained loss. Currently the subsidiary company is in the process of reducing the capital.

## 11. Other Long-Term Investments - Net

Consisted of:

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
11.1 <u>Available for Sale Securities</u>				
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 Available for Sale Securities</u>	2,443	2,445	2,803	2,445
Available for Sale Securities Investment - Net	7,793	7,795	4,153	3,795

(Unit : Thousand Baht)

Company Name	Kind of Business	Paid-Up Share Capital	Percentage of Holding		Consolidated As at		The Company Only As at	
			2005	2004	July 31, 2005	October 31, 2004	July 31, 2005	October 31, 2004
			<b>11.2 General 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)
General Investments – Net					58,058	58,058	40,985	40,985
<b>11.3 Investment in Held-to-Maturity Debt Securities</b>								
- Bond					13,359	13,030	6,804	6,848
Total Investment in Held-to-Maturity Debt Securities					13,359	13,030	6,804	6,848
Total Other Long-term Investment - Net					79,210	78,883	51,942	51,628

As at July 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 statements of Baht 13.17 million and Baht 12.84 million respectively and in the Company' financial statements of Baht 6.62 million and Baht 6.66 million respectively.

## 12. Investment Property-Net

For the nine-month period ended on July 31, 2005, movement as follows: -

(Unit : Thousand Baht)

	<u>Consolidated</u>
Beginning Book Value - Net	-
Purchase/Transfer in	80,355
Depreciation	(1,056)
Ending Book Value - Net	<u>79,299</u>

13. Property Plant and Equipment - Net

For the nine-month period ended on July 31, 2005, movement as follows: -

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning Book Value - Net	5,559,709	2,201,659
Purchase/Transfer in	790,440	317,624
Sale/Transfer out	(250,703)	(153,857)
Depreciation	(120,016)	(70,204)
Depreciation-Surplus Revaluation on Assets	(167,870)	(44,612)
Accumulated Depreciation – Sale/Transfer out	2,213	-
Ending Book Value - Net	<u>5,813,773</u>	<u>2,250,610</u>

In the consolidated and the Company's financial statements as at July 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 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Bank Overdrafts	13,467	20,611	6,696	14,825
Loans due to Financial Institutions	385,000	303,500	120,000	80,000
Accounts Payable-Trust Receipt	34,010	-	-	-
Accounts Payable-Packing Credit	162,784	121,983	-	-
Total	<u>595,261</u>	<u>446,094</u>	<u>126,696</u>	<u>94,825</u>

Loans due to financial institutions according to the consolidated and the Company's financial statements as at July 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 using parts of land together with construction, machinery, equipment, parts of goods and fixed deposits as collaterals. The Company's directors and the subsidiary companies' directors also offer their personal guarantees. As at July 31, 2005, the Company and subsidiary companies' directors have already released their personal guarantees from all of the credit line.

In the consolidated financial statements as at July 31, 2005, accounts payable-trust receipt was pledged by using parts of land together with construction that the subsidiary company may have in the future and all machinery of project of the subsidiary company.

In the consolidated financial statements as at July 31, 2005 and October 31, 2004, accounts payable-packing credit was loan agreement entered into between a commercial bank and a subsidiary company carrying interest rate of MLR per annum.

#### 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Cane Accounts Payable	107,201	255,579	90,066	130,585
Trade Accounts Payable	80,846	100,662	71,792	99,751
Notes Payable	2,749	1,792	1,513	800
Total	190,796	358,033	163,371	231,136

As at July 31, 2005, the Company and its subsidiary companies recorded the cane price for the production season year 2004/2005 by using the announcement of the initial price of cane for 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 adjustment was plus/minus Baht 37.20 per unit of C.C.S. per metric tonne and 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 2004/2005, so the Company and its subsidiary companies recorded the cane accounts payable and calculated the average cane price that used in the calculation of the product's cost and inventory for the nine-month period ended on July 31, 2005 by the estimate made by the Company's and its subsidiary companies managements at Baht 732.78 – 777.84 per metric tonne.

As at October 31, 2004, 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 and the 3 subsidiary companies recorded the cane accounts payable and calculated the cost of good sold 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. In the second quarter of year 2005, the Office of the Cane and Sugar Board has announced the final price of cane for the production season year 2003/2004 in the Government Gazette dated April 4, 2005, where there was no difference between the announced final price of cane and the estimate made by the Company's management.

16. Short-Term Debenture

As at July 31, 2005, the Company issued and offered for sale the short-term debenture No.1/2005 in private placement for 8 specified investors at 550,000 units at Baht 1,000 per units, totaling Baht 550 million with the interest rate at 3.25 – 3.75% per annum. The maturity period of the debentures is 6 months and the maturity date is August 4, 2005 where the Company could redeem on April 4, 2005 which was prior to the maturity date. The Company has redeemed the debentures at Baht 50 million and the outstanding short-term debenture amount was Baht 500 million

17. Accrued Stabilization Function Payment

As at July 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 where it was calculated from the production of cane and sugar.

18. 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Loans due to Commercial Banks	274,868	330,200	155,000	275,000
<u>Less</u> Current Portion of Long-Term Loans	(128,300)	(148,600)	(120,000)	(120,000)
Net	<u>146,568</u>	<u>181,600</u>	<u>35,000</u>	<u>155,000</u>

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

	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value	330,200	275,000
Increase in the Period	83,268	-
Decrease in the Period	(138,600)	(120,000)
Ending book value	<u>274,868</u>	<u>155,000</u>

In the consolidated and the Company only financial statements as at July 31, 2005 and October 31, 2004, the Company and its subsidiary companies obtained loan from three commercial banks and carry interest rates at 3.50 to MLR-0.50 percent. The Interest is monthly repayable. The credit facilities obtained can be classified in to 3 credit lines with the important covenants as follows:-

The parent company's principal remaining of the first credit line is amounting to Baht 155 million. The repayment period is 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 60.0 million each. The final installment is to be made on December 2007 at Baht 70.0 million. The Company pledged a part of machinery and equipments as collateral against such credit facilities in full amount and this loan has following important conditions :-

- The Company has to register the pledge of machinery with equipment 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.

A Subsidiary company's principal remaining of the second credit line is amounting to Baht 36.60 million. The repayment period is repayable every 6 months. The first installment is to be made on March 2001 until September 2006 for the total of 10 installments at amount of Baht 14.3 million each and the final installment is to be made on March 2007 at amount of Baht 14.0 million. 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. As at July 31, 2005, the subsidiary company's directors have already released their personal guarantees from all of the credit line.

A Subsidiary company's principal remaining of the third credit line is amounting to Baht 83.27 million. The principal have the grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterward, the repayments are to be made at six-monthly totaling 10 installments. The repayment for 1<sup>st</sup> to 9<sup>th</sup> installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10<sup>th</sup> installment. The subsidiary company pledged all land together with construction that the subsidiary company may have in the future and all machinery of project and the parent company pledged a part of land as collateral against the credit facility at the total of Baht 300 million 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 paid 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 contract.
- Except loans from shareholders or affiliated companies, the subsidiary company must not enter into any long-term loan contract unless it has obtained prior approval from the lenders.

#### 19. 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.

As at March 1, 2005, the Company received in full the share subscription fees for the additional shares distributed to the general public at 273,426,020 shares and to the employees at 6,111,900 shares, total 279,537,920 shares at Baht 4.30 per share. Therefore, the premium on share capital was Baht 922.48 million and the expenses in distribution and underwriter fee, which used to decrease the premium on share capital, at Baht 38.32 million. The Company registered this change with the Ministry of Commerce on the same date.



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 nine-month period ended on July 31, 2005, is as follows: -

(Unit : Thousand Baht)

	<u>Revaluation Surplus on Assets-Subsidiary Companies</u>	<u>Discount from Internal Restructure of Entities under Common Control</u>	<u>Net</u>
Beginning balance	1,631,979	(263,643)	1,368,336
Decrease in the period	(98,180)	-	(98,180)
Ending balance	1,533,799	(263,643)	1,270,156

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.

21. 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 directors' 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.

22. 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>July 31, 2005</u>	<u>July 31, 2004</u>	<u>July 31, 2005</u>	<u>July 31, 2004</u>
Cash on Hand and at Banks	258,159	150,649	89,987	50,407
Short-Term Investments	85,011	152,150	-	-
Total	343,170	302,799	89,987	50,407
<u>Less</u> Short-Term Investments due in 3-6 Months	(4,711)	(41,000)	-	-
Net	338,459	261,799	89,987	50,407

In the consolidated financial statements as at July 31, 2005 and 2004, short-term investments were deposits in the form of promissory notes with interest rates of 1.75% and 1.25% per annum respectively.

23. Financial Information by Segments

## Consolidated

For the nine-month period ended on July 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	Manufacture and Distribution of Electricity	Others	Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2005</u>	<u>2005</u>	<u>2004</u>
	Net Sales and Services – Domestic	1,890	2,280	147	133	1	-	2	1	-	-	-	2,040
- Foreign	2,222	2,222	-	-	-	-	-	-	-	-	-	2,222	2,222
Total	4,112	4,502	147	133	1	-	2	1	-	-	-	4,262	4,636
Profit from Operation	702	740	72	84	(11)	(9)	(2)	(1)	(7)	(2)	(1)	751	814
Interest Expenses												(36)	(31)
Corporate Income Tax												(190)	(133)
Net Profit after Interest Expenses and Corporate Income Tax												525	650
<u>Less</u> Net Profit of Parent Company before Acquisition of Shares												-	(24)
<u>Less</u> Net Profit of Minority Shareholders												(48)	(72)
Net Profit of Parent Company												477	554
Property Plant and Equipment-Net as at July 31	4,442	4,365	1,056	373	3	3	18	19	233	62	-	5,814	4,760
Central Assets	3,119	2,841	234	211	189	260	55	55	15	6	1	3,619	3,367
Total Assets as at July 31	7,561	7,206	1,290	584	192	263	73	74	248	68	1	9,433	8,127

## 24. Obligations and Contingent Liabilities

As at July 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:-

### 24.1 Obligations

24.1.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered in the consolidated financial statement in amount of Baht 2,021.09 million and Baht 681.35 million respectively and in the Company's financial statement in amount of Baht 1,413.20 million and Baht 238.41 million respectively.

24.1.2 The Company and the three subsidiary companies have issued post-dated cheques to farmers to purchase cane for the production season 2005/2006 and 2004/2005 at the total of Baht 303.74 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.

24.1.3 The Company and its subsidiary companies have credit lines of bank overdrafts and short-term and long-term loans due to commercial banks that haven't been utilized were pledged parts of goods, fixed deposits, land together with constructions and machinery and leasehold right for the factory location 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 4,717.12 million and Baht 2,597.50 million respectively and in the Company's financial statement are Baht 1,731.38 million and Baht 1,692.50 million respectively. As at July 31, 2005, the Company and subsidiary companies' directors have already released their personal guarantees from all of the credit line.

24.1.4 The Company and the three 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>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 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
For the production season 2004/2005	79.56	-	42.98	-

24.1.5 The three 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.

24.1.6 The Company guaranteed the debt payment of a subsidiary company to a commercial bank at the credit limit of Baht 200.00 million.

## 24.2 Contingent Liabilities

	(Unit : Million Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2005</u>	<u>October 31, 2004</u>	<u>July 31, 2005</u>	<u>October 31, 2004</u>
Letters of Guarantees issued by Commercial Banks	1.96	11.81	1.44	11.44

24.3 In the consolidated financial statement, subsidiary companies had forward exchange contracts that hasn't been utilized with bank as follows:-

	<u>Consolidated</u>	
	<u>As at</u>	
	<u>July 31, 2005</u>	<u>October 31, 2004</u>
<u>Currency</u>		
Million Baht	800.00	-
Million US Dollar	23.06	20.00

## 25. 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 subsidiary companies 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 financial institutions deposits, and financial institutions 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 July 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>July 31, 2005</u>	<u>October 31, 2004</u>
Assets	US Dollar	77,718	1,721,413
Liabilities	US Dollar	357,716	174,049

Credit Risk

The Company and its subsidiary companies have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans to farmers and loans to associated companies, related party and related companies. However, since the Company and its subsidiary companies 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.

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