### **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 July 31, 2007, the related consolidated and the Company's income statements for the three-month and nine-month periods ended July 31, 2007 and 2006 and the related consolidated and the Company's statements of changes in shareholders' equity and cash flows for the nine-month periods ended July 31, 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,

September 10, 2007

### BALANCE SHEETS

AS AT JULY 31, 2007 AND OCTOBER 31, 2006

				(Unit : The	ousand Baht
		CONSOLID	ATED	THE COMPAN	NY ONLY
		2007	2006	2007	2006
		Unaudited	Audited	Unaudited	Audited
		Limited Review O	nly	Limited Review O	nly
ASSETS					
CURRENT ASSETS					
Cash and Deposits at Financial Institutions		255,736	151,704	35,112	18,972
Short-Term Investments		2,524	26,772	-	-
Trade Accounts and Notes Receivable	(Note 4)	326,509	245,752	93,149	100,227
Trade Accounts and Notes Receivable-Related Companies	(Notes 3.1 and 5)	3,707	934	7,135	-
Farmer Accounts Receivable -Net	(Note 6)	49,846	76,288	-	-
Short-Term Loans due from Subsidiary Companies and Related Persons					
and Companies	(Note 3.1)	231,164	153,167	262,600	13,600
Short-Term Loans due from Farmers	(Note 7)	361,575	147,915	69,870	97,909
Inventories	(Note 8)	3,174,822	1,833,812	1,769,346	653,463
Real Estate Development Cost		40,932	21,273	-	-
Machine Maintenance Supplies		196,759	158,845	86,476	82,826
Other Account Receivable-Compensation Claim from Insurance Company	(Note 9)	15,786	-	-	-
Share Subscription Receivable - Related Company	(Note 3.1)	23,583	12,842	-	-
Other Accounts Receivable-Cane Value	(Note 10)	512,723	-	266,760	-
Other Current Assets		71,490	88,416	57,564	28,539
TOTAL CURRENT ASSETS		5,267,156	2,917,720	2,648,012	995,536
NON-CURRENT ASSETS					
Investments under Equity Method	(Note 11)	49,167	49,070	3,488,928	2,895,028
Other Long-Term Investments-Net	(Note 12)	81,686	80,589	53,936	53,521
Deferred Cane Plantation Cost-Net	(Note 13)	127,376	82,500	16,702	55,583
Property, Plant and Equipment-Net	(Note 14)	7,520,104	7,227,283	2,317,807	2,335,547
Land not used in Operation		295,531	296,021	258,120	258,611
Loans for Cane Plantation Development-Net	(Note 15)	130,241	163,119	-	-
Obligated Fixed Deposits		7,539	6,836	5,339	5,185
Other Non-Current Assets		4,433	22,509	398	151
TOTAL NON-CURRENT ASSETS		8,216,077	7,927,927	6,141,230	5,603,626
TOTAL ASSETS		13,483,233	10,845,647	8,789,242	6,599,162

### BALANCE SHEETS

### AS AT JULY 31, 2007 AND OCTOBER 31, 2006

					usand Baht)
		CONSOLID	ATED	THE COMPAN	YONLY
		2007	2006	2007	2006
		Unaudited	Audited	Unaudited	Audited
		Limited Review Or	ıly	Limited Review Or	ıly
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to Financial Institutions	(Note 16)	1,346,039	1,285,980	351,734	845,000
Other Short-Term Loans - Net	(Note 17)	1,664,923	-	1,664,923	-
Trade Accounts and Notes Payable	(Note 18)	171,050	506,599	104,564	217,982
Trade Accounts and Notes Payable-Subsidiary Companies	(Note 3.1)	-	-	142,378	47,759
Current Portion of Long-Term Loans	(Note 19)	212,000	85,100	112,000	35,000
Short - Term Loans due to Subsidiary and Related Companies	(Note 3.1)	1,000	-	474,000	65,000
Accrued Corporate Income Tax		113,649	79,316	2,834	-
Advance Received from Customers for Goods		128,464	125,093	38,981	3,964
Accrued Stabilization Function Payment		87,932	66,946	43,231	33,341
Accrued Manufacturing Expenses		282,352	-	117,319	-
Other Accrued Expenses		49,675	29,818	15,939	8,848
Other Accounts Payable		277,266	246,045	60,484	47,687
Other Current Liabilities		104,211	52,743	11,301	10,359
TOTAL CURRENT LIABILITIES		4,438,561	2,477,640	3,139,688	1,314,940
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 19)	1,139,559	823,354	32,000	-
Other Non-Current Liabilities		27,622	26,465	9,873	10,521
TOTAL NON-CURRENT LIABILITIES		1,167,181	849,819	41,873	10,521
TOTAL LIABILITIES		5,605,742	3,327,459	3,181,561	1,325,461

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### BALANCE SHEETS

### AS AT JULY 31, 2007 AND OCTOBER 31, 2006

				(Unit : The	usand Baht
		CONSOLID	ATED	THE COMPAN	NY ONLY
		2007	2006	2007	2006
		Unaudited	Audited	Unaudited	Audited
		Limited Review O	nly	Limited Review O	nly
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		922,431	964,672	922,431	964,672
Revaluation Surplus on Assets-Subsidiary Companies		141,341	144,592	141,341	144,592
Surplus from Internal Restructure of Entities under Common Control	(Note 20)	1,030,400	1,123,933	-	-
Surplus from Changes in Shareholding Ratio in Subsidiary Companies		16,358	16,470	-	-
Unrealized Gain on Available-for-Sale Securities		2,958	2,249	2,958	2,249
Accumulated Result of Translation Adjustment		(589)	1,555	(589)	1,555
Retained Earnings	(Note 21)				
Appropriated					
Legal Reserve		121,120	121,120	121,120	121,120
Unappropriated		1,315,803	934,896	1,315,803	934,896
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPAN	Y	6,654,439	6,414,104	5,607,681	5,273,701
Minority Shareholders' Equity		1,223,052	1,104,084	-	-
TOTAL SHAREHOLDERS' EQUITY		7,877,491	7,518,188	5,607,681	5,273,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUI	TY	13,483,233	10,845,647	8,789,242	6,599,162

### INCOME STATEMENTS

### FOR THE THREE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

CONSOLID 2007		THE COMPA	NY ONLY
2007			
	2006	2007	2006
,116,314	1,749,867	1,127,077	1,042,254
3,074	3,623	827	-
59	45	136,628	90,485
58,681	40,783	40,640	44,064
,178,128	1,794,318	1,305,172	1,176,803
,669,840	1,476,751	1,020,667	978,980
23,236	24,527	16,514	13,083
195,136	131,003	84,538	62,544
7,619	8,204	1,411	1,405
,895,831	1,640,485	1,123,130	1,056,012
282,297	153,833	182,042	120,791
(57,340)	(41,558)	(33,266)	(19,579)
(67,567)	(5,476)	(3,526)	(466)
157,390	106,799	145,250	100,746
-	(1,598)	-	-
(12,140)	(4,455)	-	-
145,250	100,746	145,250	100,746
0.09	0.06	0.09	0.06
,550,000	1,550,000	1,550,000	1,550,000
	59 58,681 2,178,128 ,669,840 23,236 195,136 7,619 ,895,831 282,297 (57,340) (67,567) 157,390 - (12,140) 145,250	3,074       3,623         59       45         58,681       40,783         ,178,128       1,794,318         ,669,840       1,476,751         23,236       24,527         195,136       131,003         7,619       8,204         ,895,831       1,640,485         282,297       153,833         (57,340)       (41,558)         (67,567)       (5,476)         157,390       106,799         -       (1,598)         (12,140)       (4,455)         145,250       100,746	3,074 $3,623$ $827$ $59$ $45$ $136,628$ $58,681$ $40,783$ $40,640$ $,178,128$ $1,794,318$ $1,305,172$ $,669,840$ $1,476,751$ $1,020,667$ $23,236$ $24,527$ $16,514$ $195,136$ $131,003$ $84,538$ $7,619$ $8,204$ $1,411$ $,895,831$ $1,640,485$ $1,123,130$ $282,297$ $153,833$ $182,042$ $(57,340)$ $(41,558)$ $(33,266)$ $(67,567)$ $(5,476)$ $(3,526)$ $157,390$ $106,799$ $145,250$ $ (1,598)$ $ (12,140)$ $(4,455)$ $ 145,250$ $100,746$ $145,250$ $0.09$ $0.06$ $0.09$

### Unaudited

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### INCOME STATEMENTS

### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

				(Unit : Tho	usand Baht)
		CONSOLIDATED		THE COMPA	NY ONLY
		2007	2006	2007	2006
REVENUES FROM OPERA	TION				
Sales and Services		6,412,838	4,552,080	2,989,034	2,824,512
Revenue from Sales of F	uel Oil and Cane Harvest	200,466	174,437	64,239	52,970
Participating Profit from	Investments under Equity Method	97	-	503,447	368,492
Other Income		181,188	184,062	131,366	147,352
TOTAL REVEN	UES	6,794,589	4,910,579	3,688,086	3,393,326
EXPENSES FROM OPERA	TION				
Cost of Sales and Service	'S	4,807,405	3,384,039	2,474,154	2,376,331
Other Cost of Sales		184,528	169,261	93,967	78,146
Selling and Administrati	/e Expenses	583,193	406,971	237,340	212,488
Directors' Remuneration		30,180	32,618	6,068	6,054
Participating loss from In	vestment under Equity Method	-	2	-	-
TOTAL EXPEN	SES	5,605,306	3,992,891	2,811,529	2,673,019
PROFIT BEFORE INTERES	T EXPENSES AND CORPORATE INCOME TAX	1,189,283	917,688	876,557	720,307
INTEREST EXPENSES		(140,694)	(79,232)	(85,354)	(39,842)
CORPORATE INCOME TA	х	(277,061)	(196,930)	(69,296)	(71,563)
PROFIT AFTER INTEREST	EXPENSES AND CORPORATE INCOME TAX	771,528	641,526	721,907	608,902
LESS NET PROFIT OF SU	SSIDIARY COMPANIES BELONGING TO				
PARENT COMPANY	BEFORE ACQUISITION OF SHARES	-	(2,586)	-	-
LESS MINORITY SHAREF	OLDERS' NET PROFIT	(49,621)	(30,038)	-	-
NET PROFIT OF KHON KA	EN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	721,907	608,902	721,907	608,902
EARNINGS PER SHARE O	F KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIN	IITED (UNIT : BAHT)	0.47	0.39	0.47	0.39
NUMBER OF ORDINARY	SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

Unaudited

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#### STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

#### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

#### CONSOLIDATED

(Unit : Thousand Baht)

		Issued and Paid-up	Premium on	Revaluation	Revaluation	Surplus from Internal	Surplus from Changes	Surplus from Changes Unrealized Gain (Loss)			Accumulated Retained Earnings		
		Share Capital	Share Capital	Surplus on Assets-	Surplus on Assets-	Restructure of	in Shareholding Ratio	on Available-for-Sale	Result of	Appropriated	Unappropriated	Shareholders'	
				Parent Company	Subsidiary	Entities under	in Subsidiary Companies	Securities	Translation	Legal Reserve		Equity	
					Companies	Common Control			Adjustment				
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		-	-	-	-	-	-	-	(2,144)	-	-	(2,879)	(5,023
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	-	-	709	-	-	-	-	709
Depreciation-Revaluation Surplus on Assets		-	-	(42,241)	(3,251)	-	-	-	-	-	-	-	(45,492
Decrease in Surplus from Internal Restructure of En	tities												
under Common Control	(Note 20)	-	-	-	-	(93,533)	-	-	-	-	-	-	(93,533)
Surplus from Changes in Shareholding Ratio													
in Subsidiary Companies		-	-	-	-	-	(112)	-	-	-	-	-	(112)
Unrealized Transaction in Income Statements		1,550,000	1,554,617	922,431	141,341	1,030,400	16,358	2,958	(589)	121,120	934,896	1,101,205	7,374,737
Dividend Paid	(Note 21)	-	-	-	-	-	-	-	-	-	(341,000)	-	(341,000
Net Profit for the Period		-	-	-	-	-	-	-	-	-	721,907	-	721,907
Increase in Minority Shareholders' Equity			-	-	-	-	-	-	-	-	-	121,847	121,847
Balance as at July 31, 2007		1,550,000	1,554,617	922,431	141,341	1,030,400	16,358	2,958	(589)	121,120	1,315,803	1,223,052	7,877,491
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		-	-	-	-	-	-	-	1,277	-		319	1,596
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	-	-	(820)	-	-	-	-	(820)
Depreciation-Revaluation Surplus on Assets		-	-	(43,275)	(3,268)	-	-	-	-	-	-	-	(46,543)
Decrease in Surplus from Internal Restructure of En	tities												
under Common Control	(Note 20)	-	-	-	-	(87,119)	-	-	-	-	-	-	(87,119)
Surplus from Changes in Shareholding Ratio													
in Subsidiary Companies		-	-	-	-	-	14,784	-	-	-	-	-	14,784
Unrealized Transaction in Income Statements		1,550,000	1,554,617	979,097	145,974	1,152,026	14,784	1,597	1,277	90,920	534,132	1,097,237	7,121,661
Dividend Paid	(Note 21)	-	-	-	-	-	-	-	-	-	(247,983)		(247,983)
Net Profit for the Period		-	-	-	-	-	-	-	-	-	608,902	-	608,902
Increase in Minority Shareholders' Equity		-	-	-	-	-	-	-	-	-	-	134	134
Balance as at July 31, 2006		1,550,000	1,554,617	979,097	145,974	1,152,026	14,784	1,597	1,277	90,920	895,051	1,097,371	7,482,714

Unaudited

Limited Review Only

#### STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

#### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

#### THE COMPANY ONLY

(Unit : Thousand Baht)

		Issued and Paid-up	Premiem on	Revaluation	Revaluation	Unrealized Gain (Loss)	Accumulated	Retained	d Earnings	TOTAL
		Share Capital	Share Capital	Surplus on Assets-	Surplus on Assets-	on Available-for-Sale	Result of	Appropriated	Unappropriated	
				Parent Company	Subsidiary	Securities	Translation	Legal Reserve		
					Companies		Adjustment			
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		-	-	-	-	-	(2,144)	-	-	(2,144)
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	709	-	-	-	709
Depreciation-Revaluation Surplus on Assets		-	-	(42,241)	(3,251)	-	-	-	-	(45,492)
Unrealized Transaction in Income Statements		1,550,000	1,554,617	922,431	141,341	2,958	(589)	121,120	934,896	5,226,774
Dividend Paid	(Note 21)	-	-	-	-	-	-	-	(341,000)	(341,000)
Net Profit for the Period		-	-	-	-	-	-	-	721,907	721,907
Balance as at July 31, 2007		1,550,000	1,554,617	922,431	141,341	2,958	(589)	121,120	1,315,803	5,607,681
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		-	-	-	-	-	1,277	-	-	1,277
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	(820)	-	-	-	(820)
Depreciation-Revaluation Surplus on Assets		-	-	(43,275)	(3,268)	-	-	-	-	(46,543)
Unrealized Transaction in Income Statements		1,550,000	1,554,617	979,097	145,974	1,597	1,277	90,920	534,132	4,857,614
Dividend Paid	(Note 21)	-	-	-	-	-	-	-	(247,983)	(247,983)
Net Profit for the Period		-	-	-	-	-	-	-	608,902	608,902
Balance as at July 31, 2006		1,550,000	1,554,617	979,097	145,974	1,597	1,277	90,920	895,051	5,218,533

Unaudited

Limited Review Only

### CASH FLOW STATEMENTS

### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

			(Unit : Thous	and Baht)
	CONSOL	IDATED	THE COMPA	ANY ONLY
	2007	2006	2006	2006
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	721,907	608,902	721,907	608,902
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities:-				
Doubful Accounts (Reversal)-Farmer Accounts Receivable and Loans for Cane Plantation Development	17,114	(2,718)	-	-
Participating (Profit)Loss from Investments under Equity Method	(97)	2	(503,447)	(368,492)
Loss for Non Refundable Withholding Tax	-	526	-	-
Amortization of Premium on Bond	63	59	51	46
Loss from Value Impairment of Cane Plantation Cost	3,354	-	-	-
Deferred Cane Plantation Cost Written-off	108,610	-	78,949	-
Depreciation	228,438	169,574	99,954	89,470
Gain on Sales of Assets	(3,437)	(130)	(4,920)	(505
Unrealized (Gain) loss on Exchange Rate	(786)	(2,817)	(511)	18
Loss on Sales of Other Long-Term Investments	-	7	-	35
Net Profit of Subsidiary Companies belonging to Parent Company before Share Acquisition	-	2,586	-	-
Net Profit of Minority Shareholders	49,621	30,038	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	1,124,787	806,029	391,983	329,474
(Increase)Decrease in Trade Accounts and Notes Receivable	(83,345)	(139,404)	6,973	(53,862
(Increase)Decrease in Trade Accounts and Notes Receivable-Subsidary and Related Companies	(2,773)	358	(7,135)	(32,872
(Increase)Decrease in Farmer Accounts Receivable	14,024	(30,757)	-	-
(Increase)Decrease in Inventories	(1,341,010)	(2,191,362)	(1,115,883)	(588,646
(Increase)Decrease in Real Estate Development Cost	(5,578)	-	-	-
(Increase)Decrease in Machine Maintenance Supplies	(37,914)	(7,430)	(3,650)	7,601
(Increase)Decrease in Other Account Receivable-Compensation Claim from Insurance Company	(15,786)	-	-	-
(Increase)Decrease in Other Accounts Receivable-Cane Value	(512,723)	-	(266,760)	-
(Increase)Decrease in Other Current Assets	16,931	(63,590)	(29,025)	(13,466
(Increase)Decrease in Deferred Cane Plantation Cost	(145,654)	(21,961)	(38,166)	(5,936
(Increase)Decrease in Other Non-Current Assets	18,076	5,767	(247)	(300
Increase(Decrease) in Trade Accounts and Notes Payable	(335,542)	286,312	(113,418)	(825
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary Companies	-	-	94,619	179,094
Increase(Decrease) in Accrued Corporate Income Tax	34,333	(9,217)	2,834	(36,242
Increase(Decrease) in Advance Received from Customers for Goods	4,220	87,167	35,633	(31,182
Increase(Decrease) in Accrued Stabilization Function Payment	20,986	18,870	9,890	8,600
Increase(Decrease) in Accrued Manufacturing Expenses	282,352	250,268	117,319	103,620
Increase(Decrease) in Other Accrued Expenses	19,857	(34,099)	7,091	(12,036
Increase(Decrease) in Other Accounts Payable	(49,241)	21,155	10,353	(34,702
Increase(Decrease) in Other Current Liabilities	51,468	(72,439)	942	785
Increase(Decrease) in Other Non-Current Liabilities	(955)	814	(648)	(365
Net Cash Used from Operating Activities	(943,487)	(1,093,519)	(897,295)	(181,260

Unaudited

Limited Review Only

### CASH FLOW STATEMENTS

### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

				(Unit : Thous	and Baht)
		CONSOL	IDATED	THE COMPA	NY ONLY
		2007	2006	2007	2006
CASH FLOW FROM INVESTING ACTIVITIES					
(Increase)Decrease in Short-Term Investments		1,068	(28,335)	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiary Companies, Related Persons and Companies		(77,997)	(166,993)	(249,000)	(12,079)
(Increase)Decrease in Short-Term Loans due from Farmers		(213,660)	295,799	28,039	74,069
(Increase)Decrease in Loans for Cane Plantation Development		28,182	(47,396)	-	-
Cash Payment for Advance share subscriptions		-	-	(68,232)	-
Purchase of Investments in Subsidiary Companies		-	-	(143,483)	(253,945)
Dividend Received from Investments in Subsidiary Companies		-	-	116,110	114,240
Cash Purchase of Long-Term Investments		(491)	(57)	-	(57)
Cash Received from Sale of Long-Term Investments		-	196	-	196
Purchase of Property, Plant and Equipment		(624,701)	(1,128,622)	(124,275)	(239,460)
Cash Received from Sale of Property, Plant and Equipment		11,306	14,970	5,323	15,250
Cash Received from Sale of Land not used in Operation		450	-	450	-
(Increase)Decrease in Obligated Fixed Deposits		(703)	(1,712)	(154)	(26)
Net Cash Used from Investing Activities		(876,546)	(1,062,150)	(435,222)	(301,812)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions		60,059	1,943,306	(493,266)	847,000
Increase(Decrease) in Other Short-Term Loans		1,664,923	-	1,664,923	-
Increase(Decrease) in Short-Term Loans due to Subsidiary and Related Companies		(1,000)	-	409,000	15,000
Cash Received from Long-Term Loans		579,205	655,558	200,000	-
Repayment of Long-Term Loans		(136,100)	(156,500)	(91,000)	(120,000)
Dividend Paid to Parent Company's Shareholders		(341,000)	(247,983)	(341,000)	(247,983)
Dividend Paid to Minority's Shareholders		(12,289)	(14,384)	-	-
Additional Investment from Minority's Shareholders		91,290	12,758	-	-
Net Cash Received from Financing Activities		1,905,088	2,192,755	1,348,657	494,017
Increase(Decrease) from Accumulated Result of Translation Adjustment		(5,023)	1,596	-	-
Cash and Cash Equivalents Increase(Decrease) - Net		80,032	38,682	16,140	10,945
Cash and Cash Equivalents at the Beginning of the Period		175,704	263,609	18,972	15,461
Cash and Cash Equivalents at the Ending of the Period	(Note 22)	255,736	302,291	35,112	26,406

Unaudited

Limited Review Only

### CASH FLOW STATEMENTS

### FOR THE NINE-MONTH PERIODS ENDED JULY 31, 2007 AND 2006

	CONSOL	CONSOLIDATED T		ANY ONL
	2007	2006	2007	2006
Additional Disclosure :				
. Cash payment during the period				
- Interest Expenses	148,276	78,861	96,444	39,73
- Corporate Income Tax	242,840	206,289	66,462	107,86
2. For the nine-month period ended July 31, 2007, the Company and its subsidiary companies have material items not affect	ing cash flow as	follows:-		
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies amortize the	lepreciations of t	he revaluation	n surplus	
on assets amounting to Baht 147.05 million and Baht 42.24 million respectively.				
- In the consolidated financial statements, subsidiary companies wrote off revaluation surplus on assets net from accun	ulated depreciati	on for the am	ount	
of Baht 12.40 million.				
- In the consolidated and the Company's financial statements, the Company and its subsidiay companies recognize	d unrealized ga	in on availabl	e-for-sale	
securities amounting to Baht 1.02 million and Baht 0.71 million respectively.				
- In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed assets at Ba	ht 8.61 million.			
- In the consolidated financial statements, a subsidiary company received investment from Minority's Shareholders ren	ained at amount	of Baht 12.40	) million.	
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies transferred de	preciation charge	e to be part of	deferred	
cane plantation cost at amount of Baht 11.19 million and Baht 1.90 million respectively.				
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies had liabilities	form purchase o	f assets which	n remained	
unpaid at amount of Baht 84.64 million and Baht 2.44 million respectively.				
- In the consolidated financial statements, subsidiary companies acquired vehicles by entering hire purchase contracts i	n amount of Bah	4.11 million		
- In the consolidated financial statements, a subsidiary company transfered land to real estate development cost at am	ount of Baht 14.0	8 million.		
8. For the nine-month period ended on July 31, 2006, the Company and its subsidiary companies have material items not af	ecting cash flow	as follows:-		
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies amortize the	lepreciations of t	he revaluation	n surplus	
on assets at amount of Baht 153.85 million and Baht 43.27 million respectively.				
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies recognized un	realized loss on	available-for-	sale securities	
amounting to Baht 2.95 million and Baht 0.82 million respectively.				
- In the consolidated financial statements, there is a recognition of surplus from changes in shareholding ratio in subsid	iary companies a	t amount of E	8aht 14.78 milli	on.
- In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed assets at Ba	ht 9.38 million.			
- In the consolidated financial statements, a subsidiary company received investment from Minority's Shareholders ren	ained at amount	of Baht 6.61	million.	
- In the consolidated and the Company's financial statements, the Company entered into cane ownership transfer agree	ments by transfer	short-term lo	oans due from	
farmers for the deferred cane plantation cost at Baht 35.15 million.				
- In the consolidated financial statements, a subsidiary company has imported machinery remained at Baht 94.63 millio	on.			
- In the consolidated financial statements, a subsidiary company has purchased assets by entered into a long-term lease	at Baht 1.44 mil	lion.		
- In the consolidated and the Company's financial statements, the Company transferred in advanced for land to land at	Baht 2.65 million			
- In the consolidated and the Company's financial statements, the Company additionally invested in long-term investme	ent remained at a	mount of Bah	t 1.54 million.	
			Unaudited	
			Limited Re	eview Only

# KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES NOTES TO FINANCIAL STATEMENTS July 31, 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 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, 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 nine-month period ended July 31, 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: -

Company Name	Percentage of		Country of	Kind of Business
	Shareho	Shareholding		
	2007	2006		
Thai Sugar Terminal Public Co., Ltd.	23.82	23.82	Thailand	Sugar transporting service, silo warehouse and property
and its subsidiary companies				rental and manufacture and distribution of wheat flour
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 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

Company Name	Percentage of		Percentage of		Country of	Kind of Business
	Shareho	Shareholding				
	2007	<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 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 Persons and 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

	D16 1	G	11.1 / 1		(Unit : Thousand Baht) The Company Only		
Type of Transaction/Company Name	<u>Relationship</u>	Consolidated		1 0 0			
			<u>As at</u> October <u>31, 2006</u>	July 31, 2007	As at		
- Trade Accounts and Notes Receivable		<u>July 51, 2007</u>	<u>Jetober 51, 2006</u>	<u>July 31, 2007</u>	October 31, 2006		
Tamaka Sugar Industry Co., Ltd.	Subsidiary	_	_	3,325			
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	_		2,030	-		
	-	-	-	1,780	-		
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	- 1.040	- 549	1,780	-		
Prachaup Industry Co., Ltd.	Related	1,049		-	-		
Thai Fermentation Industry Co., Ltd. Rajburi Sugar Co., Ltd.	Related	1,209	209	-	-		
	Related	1,203	-	-	-		
Other Related Companies		246	176		-		
Total		3,707	934	7,135	-		
- Other Accounts Receivable							
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	7	-		
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	596	-		
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	3,137	705		
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	27,972	683		
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	17	358		
Savannakhet Sugar Corporation	Subsidiary	-	-	46	-		
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	3,095	-		
Total		-	-	34,870	1,746		
- Cash Allowance for Sugar Purchase							
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	502	2,125		
- Advance Payment							
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	10	-		
Savannakhet Sugar Corporation	Subsidiary	-	-	92	-		
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	4,897	-		
The Company and subsidiary companies' Management	Related Persons	14,272	14,286	-	13,173		
Total		14,272	14,286	4,999	13,173		
- Share Subscription Receivable							
Ban Pong Intertrade Co., Ltd.	Related	23,583	12,842	-	-		
- Trade Accounts and Notes Payable							
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	26,531	28,838		
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	96,494	15,275		
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	2,722	2,530		
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	269	982		
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	-	134		
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	16,054	-		
KSL Chemical Co., Ltd.	Subsidiary	-	-	308	-		
Total			-	142,378	47,759		

				(Ui	nit : Thousand Baht)	
Type of Transaction/Company Name	Relationship	onship Consolidated The Compa		pany Only		
			As at	<u>As at</u>		
		July 31, 2007	October 31, 2006	<u>July 31, 2007</u>	October 31, 2006	
- Advance Received from Customers for Goods						
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	27,085	-	
Thai Fermentation Industry Co., Ltd.	Related	47,324	95,345	-	-	
Total		47,324	95,345	27,085	-	

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.

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				(Unit	: Thousand Baht)
Type of Transaction/Company Name	Relationship	Cons	Consolidated		npany Only
			As at	:	As at
		July 31, 2007	October 31, 2006	July 31, 2007	October 31, 2006
Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	394,000	-
Repaid in the period		-	-	(394,000)	-
Ending balance		-	-	-	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	178,000	-
Repaid in the period		-	-	(97,000)	-
Ending balance		-	-	81,000	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	224,000	-
Repaid in the period		-	-	(204,000)	-
Ending balance		-	-	20,000	-
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	(Unit : Thousand Baht)		
Type of Transaction/Company Name	Relationship	Cons	olidated	The Con	npany Only		
		-	As at	4	As at		
		July 31, 2007	October 31, 2006	July 31, 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		-	-	(22,000)	-		
Ending balance		-	-	-	-		
KSL. Agro Co., Ltd.	Subsidiary						
Beginning balance		-	-	-	-		
Increase in the period		-	-	-	75,500		
Repaid in the period		-	-	-	(75,500)		
Ending balance		-	-	-	-		
KSL Chemical Co., Ltd.	Subsidiary						
Beginning balance		-	-	-	-		
Increase in the period		-	-	2,000	-		
Repaid in the period		-	-	(2,000)	-		
Ending balance		-	-	-	-		
Prachaup Industry Co., Ltd.	Related						
Beginning balance		153,167	129,927	-	-		
Increase in the period		615,600	408,937	-	-		
Repaid in the period		(537,603)	(385,697)	-	-		
Ending balance		231,164	153,167	-	-		
The Company's Advisor	Related Person						
Beginning balance		-	121	-	121		
Increase in the period		-	-	-	-		
Repaid in the period		-	(121)	-	(121)		
Ending balance		-	-	-	-		
		231,164	153,167	262,600	13,600		
	-						

As at July 31, 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 3.81-7.69% 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.

				(Unit : Thousand Baht)		
Type of Transaction/Company Name	Relationship	Cons	solidated	The Comp	any Only	
			<u>As at</u>	As	<u>s at</u>	
		July 31, 2007	October 31, 2006	July 31, 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		-	-	660,000	-	
Repayment in the period		-	-	(210,000)	-	
Ending balance		-	-	450,000	-	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary					
Beginning balance		-	-	-	185,000	
Increase in the period		-	-	64,000	115,000	
Repayment in the period		-	-	40,000	(300,000)	
Ending balance		-	-	24,000	-	
TS Transport and Logistics Co., Ltd.	Related					
Beginning balance		-	-	-	-	
Increase in the period		1,000	-	-	-	
Repayment in the period		-	-	-	-	
Ending balance		1,000	-	-	-	
Total		1,000	-	474,000	65,000	

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

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As at July 31, 2007 and October 31, 2006, loans due to subsidiary companies are loans repayable at call and carrying interest rates at 2.75-6.25% and 6.25 - 6.75% per annum respectively and as at July 31,2007 loans due to related company carrying interest rate at 3.25% per annum.

As at July 31, 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 4.00 - MLR% 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.

				(Unit : Thousand Baht)		
Type of Transaction/Company Name	Relationship	Conso	lidated	The Company Only		
		For	For the Nine-Month Pe		•	
		2007	2006	2007	2006	
- Sales of Goods						
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	1,978	3,811	
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	3,189	3,272	
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	1,708	3,378	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	13	4	
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	151,713	293,958	
Thai Fermentation Industry Co., Ltd.	Related	123,606	148,687	399	44,002	
Chengteh Chinaware (Thailand) Co., Ltd.	Related	58	25	58	25	
Other Related Companies		15	3	9	3	
Total		123,679	148,715	159,067	348,453	
- Purchases of Goods						
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	301,715	141,157	
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	383,793	283,010	
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	78,939	111,573	
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	15	-	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	80,834	-	
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	5,455	-	
Thai Fermentation Industry Co., Ltd.	Related	2,755	1,866	851	485	
Total		2,755	1,866	851,602	536,225	
- Value of Land sold						
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	15,244	
- Revenues of Service Fees of Locating and Exporting	Fees					
Eastern Sugar and Sugar Cane Co., Ltd.	Related	296	113	-	-	
Rajburi Sugar Co., Ltd.	Related	1,732	393	-	-	
Mitr Kaset Sugar Industry Co., Ltd.	Related	817	61	-	-	
Prachaup Industry Co., Ltd.	Related	7,558	3,854	-	-	
Total		10,403	4,421	-	-	
- Other Incomes						
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	11	145	
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	11	10	
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	9	2	
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	42	43	
KSL Chemical Co., Ltd.	Subsidiary	-	-	8	16	
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	33,748	38,521	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	142,479	671	
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	389	80	
Savannakhet Sugar Corporation	Subsidiary	-	-	293	-	
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	3,092	-	
Thai Fermentation Industry Co., Ltd.	Related	205	277	64	54	
On Nuj Construction Co., Ltd.	Related	365	365	365	365	
Chengteh Chinaware (Thailand) Co., Ltd.	Related	1,087	1,080	1,087	1,080	
KK Wood Industry Co., Ltd.	Related	832	764	832	764	

(Unit : Thousand Baht)

				(Unit : Th	ousand Baht)	
Type of Transaction/Company Name	Relationship	Consoli	dated	The Company Only		
		For	the Nine-Month Pe	riods ended July 31	a.	
		2007	<u>2006</u>	2007	2006	
K.S.L. IT Center Co., Ltd.	Related	273	331	272	331	
Amarco Co., Ltd.	Related	14	14	14	14	
Total		2,776	2,831	182,716	42,096	
- Interest Incomes	—					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	2,725	-	
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	2,488	-	
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	3,764	-	
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	638	273	
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	3,024	-	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	254	-	
KSL. Agro Co., Ltd.	Subsidiary	-	-	-	611	
KSL Chemical Co., Ltd.	Subsidiary	-	-	6	-	
Total	_	-	-	12,899	884	
- Goods Custody and Exporting Fees	=					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	3,630	1,302	
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,909	579	
TS Warehouse Co., Ltd.	Subsidiary	-	-	1,176	112	
Kerry Siam Seaport Co., Ltd.	Related	2,905	49	2,905	49	
Total		2,905	49	10,620	2,042	
- Other Expenses	_					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	3	114	
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	9	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1,044	243	
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	7,769	9,264	
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	97	11	
Thai Fermentation Industry Co., Ltd.	Related	104	57	33	18	
K.S.L. IT Center Co., Ltd.	Related	4,609	3,833	1,487	1,113	
KSL Tower Juristic Person Office	Shared Owner of					
	Condominium Building	6,276	6,146	6,276	-	
Total	_	10,989	10,036	16,709	10,772	
- Interest Expenses	_					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,663	1,112	
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	557	-	
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	1,302	-	
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	200	4,557	
Total	-	-	-	3,722	5,669	

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 inter-sales-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 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 <u>Relationship of Related Companies</u>

### Consisted of : -

Company Name	Relationship	Connection
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)			
	Conse	olidated	The Company Only			
	4	<u>As at</u>	<u>As at</u>			
	July 31, 2007	October 31, 2006	July 31, 2007	October 31, 2006		
Accounts Receivable - Local						
Not yet due	213,052	221,683	73,308	99,704		
Overdue not over 3 months	16,524	10,830	-	407		
Total	229,576	232,513	73,308	100,111		
Accounts Receivable-Foreign (Not yet due)	86,908	38	15,730	38		
Notes Receivable	10,025	13,201	4,111	78		
Grand Total	326,509	245,752	93,149	100,227		

## 5. Trade Accounts and Notes Receivable - Related Companies

## Consisted of :

			(Ur	nit : Thousand Baht)	
	Cons	olidated	The Company Only		
	1	<u>As at</u>	<u>As at</u>		
	July 31, 2007 October 31, 2006		July 31, 2007	October 31, 2006	
Trade Accounts Receivable					
Not yet due	2,329	567	7,135	-	
Overdue not over 3 months	1,378	367	-	-	
Total	3,707	934	7,135	-	

### 6. Farmer Accounts Receivable - Net

### Consisted of :

			(Unit : Thousand Baht			
	Conse	olidated	The Company Only			
	<u> </u>	As at	<u> </u>	<u>As at</u>		
	July 31, 2007	October 31, 2006	July 31, 2007	October 31, 2006		
Cane Accounts Receivable						
Before Season 2002 / 2003	30,793	33,063	398	398		
Season 2002 / 2003	16,478	17,272	-	-		
Season 2003 / 2004	6,789	8,147	-	-		
Season 2004 / 2005	7,775	9,901	-	-		
Season 2005 / 2006	23,428	45,158	-	-		
Season 2006 / 2007	15,842	-	-	-		
Total	101,105	113,541	398	398		
Fuel Oil, Fertilizer and Other Service Charge						
Accounts Receivable	4,868	6,456	-	-		
Grand Total	105,973	119,997	398	398		
Less Allowance for Doubtful Accounts	(56,127)	(43,709)	(398)	(398)		
Net	49,846	76,288	-	-		

### 7. Short-Term Loans due from Farmers

As at July 31, 2007 and October 31, 2006, these loans consisted of majority portion in the form of post-dated cheques at Baht 308.58 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 and another portion in the form of advance paid to farmer.

### 8. Inventories

In the Consolidated and the Company's financial statements as at July 31, 2007, the Company pledged a part of inventory in amount of Baht 508.14 million as collaterals against packing credit payable as specified in notes to financial statements No.16

### 9. Other Account Receivable-Compensation Claim from Insurance Company

The whole amount of other account receivable was compensation claim from an insurance company which a subsidiary company received for damage claim on damages of wheat during transportation.

### 10. Other Accounts Receivable-Cane Value

As at July 31, 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 : Tho	usand Baht)
						Conso	lidated		
				As	at July 31, 2007		As at	t October 31, 200	<u>6</u>
					Investment			Investment	
Company Name	Paid-Up	Percen	tage of	Cost	<u>Equity</u>	Dividend	Cost	Equity	Dividend
	Share Capital	Shareh	olding		Method			Method	
Associated Company(Direct Shareholding)		<u>2007</u>	2006						
Champion Fermentation Co., Ltd.	150,000	32.00	32.00	56,800	49,167	-	56,800	49,070	-
Total				56,800	49,167	-	56,800	49,070	-
								(Unit :	Thousand Baht)
						The Compar	ı <u>y Only</u>		
						As at July 3	1, 2007		
						Investm	ent		
Company Name			Paid-Up	Share Capital	Percentage of S	Shareholding	Cost	Equity Method	Dividend
Subsidiary and Associated Companies (Direct	and Indirect Share	holding)							
Thai Sugar Terminal Public Co., Ltd.			120,0	000	23.82		79,109	234,764	1 -
New Krung Thai Sugar Factory Co., Ltd.			4	72,500	91.06		306,893	554,19	29,504
				,	,100		2 30,075		

Tamaka Sugar Industry Co., Ltd. 600,000 912,426 90.21 523,337 86,606 New Kwang Soon Lee Sugar Factory Co., Ltd. 220,000 96.85 289,284 464,852 K.S.L. Real Estate Co., Ltd. 60,587 140,000 80.31 89,134 K.S.L. Export Trading Co., Ltd. 20,000 607 6,775 78.63 KSL Chemical Co., Ltd. 2,625 7,500 100.00 6,618 Khon Kaen Sugar Power Plant Co., Ltd. 400,000 100.00 399,972 516,658 Khon Kaen Alcohol Co., Ltd. 160,000 100.00 159,986 341,359 KSL. Agro Co., Ltd 100,000 100.00 100,000 74,141 Savannakhet Sugar Corporation 186,883 80.00 149,507 124,332 Koh Kong Plantation Co., Ltd. 180,980 50.00 90,490 84,987 Champion Fermentation Co., Ltd. 150,000 32.00 56,800 49,167 -Total 2,257,905 3,420,696 116,110 Plus Advance for share subscriptions- Koh Kong Plantation Co., Ltd. 68,232 68,232 \_ Grand Total 3,488,928 2,326,137 116,110

	The Company Only						
	<u>As at October 31, 2006</u>						
		Investme	<u>nt</u>				
Company Name	Paid-Up Share Capital	Percentage of Shareholding	Cost	Equity Method	Dividend		
Subsidiary and Associated Companies (Direct and Indirect Shareholding)							
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		

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As at July 31, 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 reviewed and audited by any certified auditor. The participating profits in the income statements for the nine-month period ended July 31, 2007 and for the year ended October 31, 2006 are Baht 0.10 million and Baht 0.09 million respectively or equivalent to 0.01% of the consolidated profits for both periods.

As at July 31, 2007, the Company paid the advance share subscription fee for ordinary shares to Koh Kong Plantation Co., Ltd., a subsidiary company, where the subsidiary company increased it share capital by USD 11.00 million to the new registered share capital of USD 16.00 million and called for the initial share subscription fee at USD 6.00 million, to be paid in 3 installments at USD 2 million per installment. The Company has already paid USD 2 million for the share subscription and maintaining the former shareholding ratio. Koh Kong Plantation Co., Ltd. is in the process of registering for the increase of share capital.

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.

(Unit : Thousand Baht)

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 quarter of the year 2006 to the third quarter of year 2007, the Company also additionally invested Baht 102.60 million, which its ratio of shareholding remained the same.

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 :

								(Unit : Th	ousand Baht)
	Company Name	Kind of Business	Paid-Up	Percentag	ge of Holding	Cons	olidated	The Com	pany Only
			Share Capital	Consolidated	The Company Only		<u>as at</u>	<u>As a</u>	
						July 31, 2007	October 31, 2006	July 31, 2007 C	October 31, 2006
12.1	Investment in Available-for-Sale Securities								
	Investment in Debt Securities								
	- Subordinated Debenture					4,000	4,000	-	-
	Investment in Marketable Equity Securities								
	- Bangkok Bank Public Co., Ltd.					336	336	336	336
	- Ratchaburi Egco Holding Public Co., Ltd.					792	792	792	792
	- Finansa Public Co., Ltd.					50	50	50	50
	Add Unrealized Gain on Available-for-Sale Securities					3,194	2,525	3,554	3,088
	Investment in Available- for-Sale Securities - Net					8,372	7,703	4,732	4,266
12.2	General Investments								
	- T S Flour Mill Co., Ltd.	Warehouse and Manufacture	200,000	0.20	0.20	393	393	393	393
	(Formerly "Thai Sugar Intertrade Co., Ltd.")	and distribution of wheat flour							
	- TS Transport and Logistics Co., Ltd.	Transportation	1,250	18.84	16.84	235	235	210	210
	(Formerly "Thai Sugar Transportation Co., Ltd.")								
	- T S G Asset Co., Ltd.	Silo Warehouse and	50,000	4.12	4.12	2,061	2,061	2,061	2,061
	(Formerly "Thai Sugar Asset Co., Ltd.")	Property rental							
	- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	3.93	1.61	787	787	323	323
	- T S G Property Co., Ltd.	Silo Warehouse	30,000	4.13	4.13	1,238	1,238	1,238	1,238
	(Formerly "Thai Sugar Property Co., Ltd.")								
	- TS Warehouse Co., Ltd.	Sugar Depository	12,500	4.07	4.07	509	509	509	509
		and Silo Warehouse							
	- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	7.98	2.00	9	9	2	2
	<ul> <li>Kerry Siam Seaport Co., Ltd.</li> </ul>	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	-	-
	Less Allowance for Impairment of Investments					(659)	(659)	(45)	(45)
	General Investments - Net					59,622	59,622	42,523	42,523
12.3	Investment in Held-to-Maturity Debt Securities								
	- Bond					13,692	13,264	6,681	6,732
	Total Other Long-term Investments - Net				•	81,686	80,589	53,936	53,521

As at July 31, 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 13.52 million and Baht 13.09 million respectively and in the Company's financial statements of Baht 6.51 million and Baht 6.55 million respectively.

### 13. Deferred Cane Plantation Cost - Net

		(Unit : Thousand Baht)
	Consolidated	The Company Only
Beginning Book Value-Net	82,500	55,583
Additional cost during the period		
- Cost of cane plantation	145,654	38,166
- Depreciation	11,186	1,902
Accumulated cost of canes planted	239,340	95,651
Accumulated written-off canes cost	(108,610)	(78,949)
Ending Book Value	130,730	16,702
Allowance for accumulated value impairment	(3,354)	-
Ending Book Value-Net	127,376	16,702

Movement for the nine-month period ended July 31, 2007 is as follows:-

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 third quarter of the year 2007, at Baht 0.17 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands and the Baht 100.18 million portion belongs to two subsidiary companies who perform cane plantation on leased land as follows:-

- The first 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 29.28 million.
- The second 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 70.90 million.

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

		(Unit : Thousand Baht)
	Consolidated	The Company Only
Beginning Book Value - Net	7,227,283	2,335,547
Purchase	713,448	126,720
Transfer in	1,584,178	219,654
Sale	(179,050)	(150,919)
Written - off of Revaluation Surplus on Assets	(28,928)	(1,787)
Transfer out	(1,584,178)	(219,654)
Reclassified to Real Estate Development Cost	(14,081)	-
Depreciation	(239,624)	(101,856)
Depreciation- Revaluation Surplus on Assets	(147,056)	(42,241)
Accumulated Depreciation - Sale	171,221	150,556
Accumulated Depreciation - Written-off of Revaluation Surplus on Assets	16,891	1,787
Ending Book Value - Net	7,520,104	2,317,807

Movement for the nine-month period ended July 31, 2007 is as follows: -

In the consolidated financial statements as at July 31, 2007 and October 31, 2006, the Company and its subsidiary companies pledged land together with construction and machinery at cost amount of Baht 4,047.13 million and Baht 3,790.53 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 nine-month period ended July 31, 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 July 31, 2007 and October 31, 2006, assets of a subsidiary company for the amounts of Baht 77.09 million and Baht 32.54 million respectively were made on land leased from the parent company for the period of 30 years.

As at July 31, 2007 and October 31, 2006, in the consolidated financial statements, assets in cost value of Baht 3,500.53 million and Baht 3,427.00 million respectively and in the Company's financial statements, of Baht 1,025.32 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 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 July 31, 2007 and 2006 in the consolidated financial statements, there appeared depreciation and written-off of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 159.09 million and Baht 153.85 million respectively and in the Company's financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 159.09 million and Baht 153.85 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 shareholders' equity for the amount of Baht 42.24 million and Baht 43.27 million respectively.

If the Company and its subsidiary companies chooses to account for depreciation and written-off of capital surplus through the income statement, the net profit for the nine-month periods ended July 31, 2007 and 2006 in the consolidated financial statements will be shown at amounts decreased by Baht 159.09 million and Baht 153.85 million respectively and earnings per share decreased by Baht 0.10 per share for both periods and in the Company's financial statements, net profit for the nine-month periods ended July 31, 2007 and 2006 will be shown at amount decreased by Baht 42.24 million and Baht 43.27 million respectively and earnings per share decreased by Baht 0.03 per share for both periods.

### 15. Loans for Cane Plantation Development - Net

### Consisted of :

	(Unit : Thousand Baht)		
	Consolidated		
	As at		
	July 31, 2007	October 31, 2006	
Loans for Cane Plantation Development	134,937	163,119	
Less Allowance for Doubtful Debts	(4,696)	-	
Net	130,241	163,119	

As at July 31, 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 :

			(U	nit : Thousand Baht)	
	Consolidated		The Company Only		
	<u>A</u>	<u>s at</u>	<u>As at</u>		
	July 31, 2007	October 31, 2006	July 31, 2007	October 31, 2006	
Bank Overdrafts	21,892	4,109	12,734	-	
Loans due to Financial Institutions	471,000	933,000	339,000	845,000	
Trust Receipts Payable	171,983	195,703	-	-	
Packing Credits Payable	681,164	153,168	-	-	
Total	1,346,039	1,285,980	351,734	845,000	

In the consolidated and the Company's financial statements as at July 31, 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 July 31, 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 3.625-4.23% and 5.375-6.75% per annum respectively.

In the consolidated and the Company's financial statements as at July 31, 2007 and October 31, 2006, trust receipts payable carrying interest rates of MLR-1.00% to MLR-0.50% and MLR-1.00% to SIBOR+2.00% 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 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 July 31, 2007 and October 31, 2006 at amounts of Baht 66.50 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 July 31, 2007 and October 31, 2006 at amounts of Baht 614.66 million and Baht 76.89 million respectively was charged interest rate at 4.00-MLR% per annum and guaranteed by the Company's goods as specified in notes to financial statements No. 8 and guaranteed by the related company's goods.

### 17. Other Short-Term Loans- Net

As at July 31, 2007, the Company issued unsecured short-term bills of exchange with discount rates approximately 3.56-5.15% per annum with the details as follows:-

Consolidated/The Company only						
Bill of Exchange	Code	Term (Days)	Maturity date	Par Value	Prepaid Interest	Net
<u>No.</u>						
4/2550	KSL1A87	181	Aug 6, 2007	80,000	65	79,935
6/2550	KSL1B87	180	Aug 6, 2007	46,000	38	45,962
13/2550	KSL1A97	182	Sep 4, 2007	20,000	95	19,905
14/2550	KSL1AD7	270	Dec 11, 2007	250,000	4,519	245,481
18/2550	KSL1C87	94	Aug 24, 2007	300,000	725	299,275
19/2550	KSL1H77	186	Nov 27, 2007	300,000	3,627	296,373
20/2550	KSL1G77	93	Aug 29, 2007	200,000	584	199,416
21/2550	KSL1E87	89	Aug 29, 2007	380,000	1,066	378,934
22/2550	KSL1B97	92	Sep 6, 2007	100,000	358	99,642
	Tota	1	_	1,676,000	11,077	1,664,923

(Unit : Thousand Baht)

### 18. Trade Accounts and Notes Payable

### Consisted of :

			(Uni	it : Thousand Baht)	
	Cons	solidated	The Company Only		
		<u>As at</u>	Asa		
	July 31, 2007 October 31, 2006 J		July 31, 2007	October 31, 2006	
Trade Accounts Payable-Cane Purchase	59,971	301,550	-	90,006	
Trade Accounts Payable	109,237	191,610	102,722	116,120	
Notes Payable	1,842	13,439	1,842	11,856	
Total	171,050	506,599	104,564	217,982	

As at July 31, 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 nine-month period ended July 31, 2007 from estimation by the management of the Company and the subsidiary companies at cane price of Baht 787.72-849.41 per cane ton with average sweetness level at 10.50-12.49 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 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 :

		(Uni	t: Thousand Baht)
Consolidated		The Company Only	
4	<u>As at</u>	<u>As at</u>	
July 31, 2007 October 31, 2006		July 31, 2007	October 31, 2006
1,351,559	908,454	144,000	35,000
(212,000)	(85,100)	(112,000)	(35,000)
1,139,559	823,354	32,000	-
	<u>July 31, 2007</u> 1,351,559 (212,000)	As at           July 31, 2007         October 31, 2006           1,351,559         908,454           (212,000)         (85,100)	Consolidated         The Common           As at         A           July 31, 2007         October 31, 2006         July 31, 2007           1,351,559         908,454         144,000           (212,000)         (85,100)         (112,000)

Movement of long-term loans for the nine-month period ended July 31, 2007 is as follows: -

		(Unit : Thousand Baht)	
	Consolidated	The Company Only	
Beginning book value balance	908,454	35,000	
Increase in the period	579,205	200,000	
Repayment in the period	(136,100)	(91,000)	
Ending book value balance	1,351,559	144,000	

In the consolidated and the Company's financial statements as at July 31, 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% 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 July 31, 2007 of Baht 144.00 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:-

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- 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 sixmonthly, 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 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 paidup 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 lending bank.
- 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 sixmonthly 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 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 lending 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 260.00 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 125.00 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 July 31, 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 until December 2012. An assigned land leasehold right, a mortgage of the subsidiary company's construction 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 nine-month period ended July 31, 2007 is as follows: -

		(Unit : '	Thousand Baht)
	Revaluation Surplus on	Discount from Internal Restructure	Net
	Assets-Subsidiary Companies	of Entities under Common Control	
Beginning balance	1,387,576	(263,643)	1,123,933
Decrease in the period	(93,533)	-	(93,533)
Ending balance	1,294,043	(263,643)	1,030,400

### 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 : -

			(Ui	nit : Thousand Baht)
	Consol	Consolidated		pany Only
	<u>As at J</u>	<u>aly 31,</u>	As at.	<u>July 31,</u>
	2007	2006	2007	2006
Cash and Deposits at Financial Institutions	255,736	298,791	35,112	26,406
Short-Term Investments				
- Promissory Notes	-	3,500	-	-
- Investment in marketable securities	4,666	31,878	-	-
Less Adjustment of investments to fair value	(2,142)	(1,139)	-	-
Total	258,260	333,030	35,112	26,406
Less Investment in marketable securities-Net	(2,524)	(30,739)	-	-
Net	255,736	302,291	35,112	26,406

In the consolidated financial statements as at July 31, 2006, short-term investments were deposits in the form of promissory notes with interest rates of 3.00 - 5.125 % per annum.

### 23. Disclosure of Sectoral Business Operations

### **Consolidated**

### For the nine- month periods ended July 31, 2007 and 2006

														(Uni	: Million	Baht)
		Manufact	ure and		Manuf	acture	Prod	uction	Real E	Estate	Distr	ibution	Oth	ers	Tota	d
		Distribution	n of Sugar		and Dist	ribution	and	Sale	Ren	ıtal		of				
		And Mo	olasses		of Ale	cohol	of Ele	ctricity			Whe	at Flour				
		<u>2007</u>		2006	2007	2006	2007	<u>2006</u>	2007	2006	2007	2006	2007	<u>200</u> 6	2007	2006
	<u>Thai</u>	Laos Ca	ambodia													
Net Operate Income -Domestic	2,389	-	1	2,298	243	406	237	26	177	98	5	-	61	39	3,113	2,867
Net Operate Income-Foreign	3,656	-	-	2,044	25	-	-	-	-	-	-	-	-	-	3,681	2,044
Total	6,045	-	1	4,342	268	406	237	26	177	98	5	-	61	39	6,794	4,911
Profit (loss) from Operation	994	(16	(5)	750	59	124	120	23	68	40	(2)	-	(29)	(19)	1,189	918
Interest Expenses															(141)	(79)
Corporate Income Tax															(277)	(197)
Profit after Interest Expenses and Corporate Income Tax															771	642
Less Net Profit of subsidiary companies belonging to																
parent company before acquisition of shares															-	(3)
Less Net Profit of Minority Shareholders														-	(50)	(30)
Net Profit of Khon Kaen Sugar Industry Public Company Limited															721	609
														-		
Property, Plant and Equipment-Net as at July 31,	4,346	75	157	4,380	339	342	821	708	1,012	1,059	422	-	348	206	7,520	6,695
Central Assets	4,788	86	155	4,372	179	195	73	13	309	192	-	-	373	480	5,963	5,252
Total Assets as at July 31,	9,134	16	312	8,752	518	537	894	721	1,321	1,251	422	-	721	686	13,483	11,947

### 24. Obligations and Contingent Liabilities

As at July 31, 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 3,550.80 million and Baht 2,101.24 million respectively and as in the Company's financial statements for Baht 2,490.28 million and Baht 1,028.91 million respectively.
- 24.2 As at July 31, 2007, the Company and the three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2007/2008 as in the consolidated financial statements for the amounts of Baht 404.10 million and as in the Company's financial statements for Baht 30.27 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 as in the consolidated financial statements for the amounts of Baht 419.58 million and as in the Company's financial statements for Baht 46.88 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 6,686.55 million and Baht 5,771.54 million respectively and as in the Company's financial statements of Baht 2,011.27 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. Furthermore 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:-

			(1	Unit : Million Baht)		
	Cons	olidated	The Company Only			
		<u>As at</u>	<u>As at</u>			
	July 31, 2007	October 31, 2006	July 31, 2007	<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.

24.6

		Consolidated		The Company Only	
			<u>As at</u>	<u> </u>	As at
	Foreign Currency	July 31, 2007	October 31, 2006	July 31, 2007	October 31, 2006
Utilized Letters of Credit	Million Baht	-	408.34	-	-
Utilized Letters of Credit	Million Japanese Yen	107.00	-	-	-
Utilized Letters of Guarantees	Million Baht	51.39	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:-

Consolidated

		As	<u>s at</u>		
	July 31	, 2007	October 31, 2006		
	Million USD	Million Baht	Million USD	Million Baht	
Letter of Credit	-	170.01	0.01	525.16	
Forward Contracts	20.08	-	20.00	527.80	
Letters of Guarantees	-	79.00	-	114.11	
Packing Credit	-	1,135.34	-	333.12	

The Company Only			
As at			
July 31, 2007	<u>October 31, 2006</u>		
Million Baht	Million Baht		
55.00	55.00		
55.00	30.00		
	A July 31, 2007 Million Baht 55.00		

Apart from these, as at July 31, 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 July 31, 2007, four subsidiary companies entered into an agreement of construction and decoration of new factory totaling amount at Baht 434.27 million, the subsidiary companies have remaining obligations under the contracts of Baht 52.90 million.
- 24.9 As at July 31, 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, Savannakhet 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 July 31, 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 :-

		Consolidated			
		<u> </u>	<u>As at</u>		
	Foreign Currency	July 31, 2007	October 31, 2006		
Assets	Thousand US Dollar	6,296	11		
Liabilities	Thousand US Dollar	2,524	-		
	Thousand Japanese Yen	147,000	147,000		
		The Cor	npany Only		
		<u> </u>	As at		
	Foreign Currency	July 31, 2007	October 31, 2006		
Assets	Thousand US Dollar	504	11		
Liabilities	Thousand US Dollar	331	-		

As at July 31, 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 :-

	Consolidated	
Amount fixed in the contract	Amount earned in the contract	Fair value
<u>'000 USD</u>	<u>'000 BAHT</u>	<u>'000 BAHT</u>
233	8,060	8,046

### 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 September 10, 2007.