

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

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

I have reviewed the accompanying consolidated and the separate balance sheets as at July 31, 2008, the related consolidated and the separate income statements for the three-month and the nine-month periods ended on July 31, 2008 and 2007 and the related consolidated and the separate statements of changes in shareholders' equity and cash flows for the nine-month periods ended on July 31, 2008 and 2007 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 have not reviewed the financial statements of three foreign subsidiary companies, which are included in the consolidated financial statements. As at July 31, 2008, the financial statements of these foreign subsidiary companies showed the total assets of Baht 1,925.28 million and for the three-month and the nine-month periods ended on July 31, 2008 showed the total income of Baht 24.81 million and Baht 32.00 million respectively and the total net profit of Baht 8.50 million and the total net loss of Baht 10.07 million respectively. The financial statements of these three subsidiary companies have been reviewed by other auditor. I have received the review reports from that auditor and my report presentation in part related to amounts of various items of the subsidiary companies included in the consolidated financial statements were based on the reports of that other auditor.

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 and other auditor's reports, nothing has come to my attention that causes me to believe that the above 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 separate financial statements for the year ended on October 31, 2007 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 together with provision of additional explanatory paragraph to emphasize the information regarding the change in the policy for recording of investments in subsidiary and associated companies from the equity method to the cost method commencing from the accounting year of 2007 and the change in the policy for recording the land not used in operation from the original recording at cost and shown at the fair value when the land is evaluated to recording at cost in the consolidated and the separate financial statements, as reported thereon dated December 21, 2007. The consolidated and the separate balance sheets as at October 31, 2007, presented herein for comparison, are an integral part of the financial statements which I audited and reported thereon. I have not used any other auditing procedures subsequent to the date in that report.

I would like to draw your attention to the note to the financial statements no. 4, detailing that the Company has retro-adjusted the consolidated and the separate income statements for the three-month and nine-month periods ended on July 31, 2007, the consolidated and the separate statements of changes in the shareholders' equity and cash flows for the nine-month period ended on July 31, 2007 to be consistent with the change in the policy for recording of investments in subsidiary and associated companies from the equity method to the cost method and for recording the land not used in operation from the original recording at cost and shown at the fair value when the land is evaluated to recording at cost, which the same principle has been applied in the preparation of the consolidated and the separate financial statements for the year ended on October 31, 2007.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant (Thailand), Registration No. 4664

Bangkok,
September 11, 2008.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As at July 31, 2008 and October 31, 2007

(Unit : Thousand Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2008	2007	2008	2007
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Cash Equivalent Items		345,536	290,496	8,840	32,268
Short-Term Investments		1,713	2,978	-	-
Trade Accounts and Notes Receivable-Net	6	611,931	430,918	156,561	137,098
Trade Accounts Receivable-Subsidiaries and Related Companies	5.1 and 7	4,125	1,795	114,818	9
Farmer Accounts Receivable-Net	8	35,472	28,782	-	-
Short-Term Loans due from Subsidiary and Related Companies	5.1	252,808	95,581	2,600	47,600
Loan Receivables for Cane Plantation Promotion-Net	17	18,718	8,143	-	-
Short-Term Loans due from Farmers	9	267,740	398,700	62,129	85,953
Inventories-Net	10	3,179,163	1,540,311	1,596,868	819,011
Real Estate Development Cost		47,815	43,605	-	-
Machine Maintenance Supplies		291,724	218,958	101,760	99,987
Other Accounts Receivable-Cane Value and Compensation for Production and Distribution of Sugar	11	432,611	395,577	259,733	228,205
Share Subscriptions Receivable-Subsidiary Company's Shareholders		160,356	-	-	-
Accrued Dividend Receivable from Subsidiary Companies	5.1	-	-	-	143,900
Other Current Assets		152,381	142,278	49,083	51,482
TOTAL CURRENT ASSETS		5,802,093	3,598,122	2,352,392	1,645,513
NON-CURRENT ASSETS					
Investments in Subsidiary and Associated Companies-Net	12	58,490	49,676	3,762,612	2,463,528
Other Long-Term Investments-Net	13	95,034	77,622	58,584	49,915
Deferred Cane Plantation Cost-Net	14	306,094	156,249	17,401	22,745
Property, Plant and Equipment-Net	15	10,723,232	9,479,375	2,956,945	2,972,792
Land not Used in Operation-Net		134,544	134,867	98,282	98,282
Other Accounts Receivable-Compensation for Production and Distribution of Sugar	16	244,953	246,205	132,770	130,541
Loans Receivable for Cane Plantation Promotion	17	91,902	121,347	-	-
Obligated Fixed Deposits		5,777	7,539	5,577	5,339
Other Non-Current Assets		15,898	5,570	151	151
TOTAL NON-CURRENT ASSETS		11,675,924	10,278,450	7,032,322	5,743,293
TOTAL ASSETS		17,478,017	13,876,572	9,384,714	7,388,806

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As at July 31, 2008 and October 31, 2007

(Unit : Thousand Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2008	2007	2008	2007
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to					
Financial Institutions	18	1,464,479	647,221	360,975	300,000
Other Short-Term Loans-Net	19	1,741,271	1,525,469	1,741,271	1,525,469
Trade Accounts and Notes Payable	20	461,012	236,707	185,988	150,317
Trade Accounts and Notes Payable-Subsidiary and Related Companies	5.1	5	86	141,406	46,978
Current Portion of Long-Term Loans	23	243,123	203,500	32,000	116,000
Short-Term Loans due to Subsidiary Companies	5.1	-	-	-	91,500
Payables for Share Subscription-Subsidiary Companies	5.1	-	-	131,875	-
Accrued Corporate Income Tax		106,351	154,953	19,587	1,852
Advance Received from Customers for Goods		165,854	71,521	30,207	42,317
Accrued Stabilization Function Payment		22,822	-	11,337	-
Accrued Manufacturing Expenses		300,860	-	181,054	-
Accrued Fee Payable to Cane and Sugar Fund	21	193,858	9,618	79,233	4,127
Other Accrued Expenses		58,088	39,259	41,809	15,450
Other Accounts Payable		258,588	110,337	17,607	22,461
Other Current Liabilities		88,469	70,763	13,229	11,384
TOTAL CURRENT LIABILITIES		5,104,780	3,069,434	2,987,578	2,327,855
NON-CURRENT LIABILITIES					
Debentures-Net	22	1,495,977	-	1,495,977	-
Long-Term Loans-Net from Current Portion	23	505,437	1,115,554	-	-
Other Non-Current Liabilities		25,971	27,591	11,301	9,774
TOTAL NON-CURRENT LIABILITIES		2,027,385	1,143,145	1,507,278	9,774
TOTAL LIABILITIES		7,132,165	4,212,579	4,494,856	2,337,629

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As at July 31, 2008 and October 31, 2007

(Unit : Thousand Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2008	2007	2008	2007
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
SHAREHOLDERS' EQUITY					
Share Capital	24				
Authorized Share Capital :					
1,705,000,000 Ordinary Shares @ Baht 1.00 Par		1,705,000	-	1,705,000	-
1,600,000,000 Ordinary Shares @ Baht 1.00 Par		-	1,600,000	-	1,600,000
Issued and Paid-Up Share Capital					
1,550,000,000 Ordinary Shares @ Baht 1.00 Par		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		1,335,007	1,403,784	1,335,007	1,403,785
Revaluation Surplus on Assets-Subsidiary Companies		137,098	140,273	-	-
Surplus from Internal Restructure of Entities under Common Control	25	1,911,857	2,049,173	-	-
Surplus from Changes in Shareholding Ratio in Subsidiary Companies		36,069	12,277	-	-
Unrealized Gain on Available-for-Sale Securities		2,132	3,253	2,837	3,750
Accumulated Result of Foreign Currency Translation Adjustment		(5,507)	(5,084)	-	-
Retained Earnings	26				
Appropriated					
Legal Reserve		144,120	144,120	144,120	144,120
Unappropriated		1,761,063	1,394,132	303,277	394,905
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY		8,426,456	8,246,545	4,889,858	5,051,177
Minority Shareholders' Equity		1,919,396	1,417,448	-	-
TOTAL SHAREHOLDERS' EQUITY		10,345,852	9,663,993	4,889,858	5,051,177
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,478,017	13,876,572	9,384,714	7,388,806

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

For the three-month periods ended on July 31, 2008 and 2007

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007 (Restated)	2008	2007 (Restated)
REVENUES FROM OPERATION				
Sales and Services	2,802,028	2,116,314	1,468,015	1,127,077
Income from Sale of Oil, Fertiliser and Other Supplies	28,320	25,283	25,335	18,188
Compensation Income from Production and Distribution of Sugar	2,229	-	2,229	-
Other Income	73,422	36,472	24,327	22,440
Participating Profit from Investments under Equity Method	1,990	-	-	-
TOTAL REVENUES	2,907,989	2,178,069	1,519,906	1,167,705
EXPENSES FROM OPERATION				
Cost of Sales and Services	2,105,264	1,669,840	1,223,620	1,020,667
Cost of Sales of Other Goods	23,153	23,236	20,126	16,514
Selling and Administrative Expenses	475,705	200,275	171,802	85,432
Directors' Remuneration	2,560	2,481	1,396	1,411
Participating Loss from Investments under Equity Method	-	746	-	-
TOTAL EXPENSES	2,606,682	1,896,578	1,416,944	1,124,024
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	301,307	281,491	102,962	43,681
INTEREST EXPENSES	(59,758)	(57,340)	(40,555)	(33,266)
CORPORATE INCOME TAX	(45,306)	(67,567)	(12,936)	(3,526)
PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	196,243	156,584	49,471	6,889
LESS MINORITY SHAREHOLDERS' NET PROFIT	(37,022)	(12,140)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	159,221	144,444	49,471	6,889
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.103	0.093	0.032	0.004
NUMBER OF ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

Unaudited

Limited Review Only

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

INCOME STATEMENTS

For the nine-month periods ended on July 31, 2008 and 2007

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007 (Restated)	2008	2007 (Restated)
REVENUES FROM OPERATION				
Sales and Services	7,744,103	6,412,838	3,868,418	2,989,034
Income from Sale of Oil, Fertiliser and Other Supplies	269,649	192,303	132,714	93,023
Compensation Income from Production and Distribution of Sugar	40,139	-	34,179	-
Dividends Income	97	94	43,400	116,204
Other Income	282,846	189,257	109,603	102,489
Participating Profit from Investments under Equity Method	8,814	-	-	-
TOTAL REVENUES	8,345,648	6,794,492	4,188,314	3,300,750
EXPENSES FROM OPERATION				
Cost of Sales and Services	5,879,212	4,807,405	3,265,770	2,474,154
Cost of Sales of Other Goods	262,748	184,528	124,484	88,514
Selling and Administrative Expenses	980,701	604,257	379,622	267,226
Directors' Remuneration	9,497	9,116	6,058	6,068
Participating Loss from Investments under Equity Method	-	2,999	-	-
TOTAL EXPENSES	7,132,158	5,608,305	3,775,934	2,835,962
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	1,213,490	1,186,187	412,380	464,788
INTEREST EXPENSES	(155,190)	(140,694)	(102,403)	(85,354)
CORPORATE INCOME TAX	(259,583)	(277,061)	(60,605)	(69,296)
PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	798,717	768,432	249,372	310,138
LESS MINORITY SHAREHOLDERS' NET PROFIT	(90,786)	(49,621)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED	707,931	718,811	249,372	310,138
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED (UNIT : BAHT)	0.457	0.464	0.161	0.200
NUMBER OF ORDINARY SHARES (UNIT : THOUSAND SHARES)	1,550,000	1,550,000	1,550,000	1,550,000

Unaudited
Limited Review Only

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month periods ended on July 31, 2008 and 2007

Consolidated Financial Statements

(Unit : Thousand Baht)

Notes	Issued and Paid-Up Shares Capital	Premium on Share Capital	Revaluation	Revaluation	Surplus from Internal	Surplus from Changes	Unrealized Gain (Loss) on Available- for-Sale Securities	Accumulated Result of Foreign Currency Translation Adjustment	Retained Earnings		Minority Shareholders' Equity	TOTAL
			Surplus on Assets- Parent Company	Surplus on Assets- Subsidiary Companies	Restructure of Entities under Common Control	in Shareholding Ratio in Subsidiary Companies			Appropriated Legal Reserve	Unappropriated		
Balance as at October 31, 2007	1,550,000	1,554,617	1,403,784	140,273	2,049,173	12,277	3,253	(5,084)	144,120	1,394,132	1,417,448	9,663,993
Foreign Currency Translation Adjustment	-	-	-	-	-	-	-	(423)	-	-	(19,843)	(20,266)
Unrealized Loss on Available-for-Sale Securities	-	-	-	-	-	-	(1,121)	-	-	-	(662)	(1,783)
Increase Revaluation Surplus on Assets	-	-	-	-	286	-	-	-	-	-	-	286
Depreciation and written off-Revaluation Surplus on Assets	-	-	(68,777)	(3,175)	(137,602)	(2,292)	-	-	-	-	(23,701)	(235,547)
Increase in Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	26,084	-	-	-	-	(26,084)	-
Unrealized Transaction in Income Statements	1,550,000	1,554,617	1,335,007	137,098	1,911,857	36,069	2,132	(5,507)	144,120	1,394,132	1,347,158	9,406,683
Dividends paid	26	-	-	-	-	-	-	-	-	(341,000)	(4,697)	(345,697)
Net Profit for the Period	-	-	-	-	-	-	-	-	-	707,931	90,786	798,717
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	486,149	486,149
Balance as at July 31, 2008	1,550,000	1,554,617	1,335,007	137,098	1,911,857	36,069	2,132	(5,507)	144,120	1,761,063	1,919,396	10,345,852
			(Restated)		(Restated)						(Restated)	(Restated)
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 from Change in Accounting Policy												
Investments in Subsidiary of Associated Company	12	-	-	-	-	-	-	-	-	(12,626)	-	(12,626)
Land not Used in Operation	4.2	-	(159,190)	-	(589)	-	-	-	-	-	(64)	(159,843)
Restated balance	1,550,000	1,554,617	805,482	144,592	1,123,344	16,470	2,249	1,555	121,120	922,270	1,104,020	7,345,719
Foreign Currency Translation Adjustment	-	-	-	-	-	-	-	(2,144)	-	-	(2,879)	(5,023)
Unrealized Gain on Available-for-Sale Securities	-	-	-	-	-	-	709	-	-	-	779	1,488
Depreciation and written off-Revaluation Surplus on Assets	-	-	(42,241)	(3,251)	(93,532)	-	-	-	-	-	(19,562)	(158,586)
Increase in Surplus from Changes in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	(112)	-	-	-	-	(394)	(506)
Unrealized Transaction in Income Statements	1,550,000	1,554,617	763,241	141,341	1,029,812	16,358	2,958	(589)	121,120	922,270	1,081,964	7,183,092
Dividends paid	26	-	-	-	-	-	-	-	-	(341,000)	(12,289)	(353,289)
Net Profit for the Period	-	-	-	-	-	-	-	-	-	718,811	49,621	768,432
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	103,691	103,691
Balance as at July 31, 2007	1,550,000	1,554,617	763,241	141,341	1,029,812	16,358	2,958	(589)	121,120	1,300,081	1,222,987	7,701,926

**Unaudited
Limited Review Only**

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month periods ended on July 31, 2008 and 2007

Separate Financial Statements

(Unit : Thousand Baht)

	Notes	Issued and Paid-Up	Premium on	Revaluation	Revaluation	Unrealized Gain	Accumulated Result	Retained Earnings		TOTAL
		Shares Capital	Share Capital	Surplus on Assets- Parent Company	Surplus on Assets- Subsidiary Companies	(Loss) on Available- for-Sale Securities	of Foreign Currency Translation Adjustment	Appropriated Legal Reserve	Unappropriated	
Balance as at October 31, 2007		1,550,000	1,554,617	1,403,785	-	3,750	-	144,120	394,905	5,051,177
Unrealized Loss on Available-for-Sale Securities		-	-	-	-	(913)	-	-	-	(913)
Depreciation-Revaluation Surplus on Assets		-	-	(68,778)	-	-	-	-	-	(68,778)
Unrealized Transaction in Income Statements		1,550,000	1,554,617	1,335,007	-	2,837	-	144,120	394,905	4,981,486
Dividends paid	26	-	-	-	-	-	-	-	(341,000)	(341,000)
Net Profit for the Period		-	-	-	-	-	-	-	249,372	249,372
Balance as at July 31, 2008		1,550,000	1,554,617	1,335,007	-	2,837	-	144,120	303,277	4,889,858
				(Restated)	(Restated)	(Restated)	(Restated)		(Restated)	
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 from Change in Accounting Policy										
Investments in Subsidiary and Associated Companies	4.1	-	-	-	(144,592)	839	(1,555)	-	(635,299)	(780,607)
Land not Used in Operation	4.2	-	-	(159,190)	-	-	-	-	-	(159,190)
Restated balance		1,550,000	1,554,617	805,482	-	3,088	-	121,120	299,597	4,333,904
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	466	-	-	-	466
Depreciation-Revaluation Surplus on Assets		-	-	(42,241)	-	-	-	-	-	(42,241)
Unrealized Transaction in Income Statements		1,550,000	1,554,617	763,241	-	3,554	-	121,120	299,597	4,292,129
Dividends paid	26	-	-	-	-	-	-	-	(341,000)	(341,000)
Net Profit for the Period		-	-	-	-	-	-	-	310,138	310,138
Balance as at July 31, 2007		1,550,000	1,554,617	763,241	-	3,554	-	121,120	268,735	4,261,267

Unaudited

Limited Review Only

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the nine-month periods ended on July 31, 2008 and 2007

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007 (Restated)	2008	2007 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	707,931	718,811	249,372	310,138
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities :-				
Doubtful Accounts-Trade Accounts Receivable and Farmer Accounts Receivable-(Reversal)	(1,619)	17,114	-	-
Compensation Income from Production and Distribution of Sugar	(40,139)	-	(34,179)	-
Loss from Dilapidated Inventories and Written Down the Value of Inventories-(Reversal)	(7,975)	-	-	-
Participating (Profit) Loss from Investments under Equity Method	(8,814)	2,999	-	-
Amortization of Premium on Bond	60	63	49	51
Loss from Written Down in Cane Plantation Cost	13,113	3,354	127	-
Depreciation	250,260	228,438	94,995	99,954
Gain on Sales of Property, Plant and Equipment	(9,395)	(3,437)	(7,116)	(4,920)
Loss from Impairment of Assets-Reversal	(203)	-	-	-
Loss from Impairment Investments in Subsidiary and Associated Companies-(Reversal)	-	-	(377)	24,433
Dividends Income	(97)	(94)	(43,400)	(116,204)
Deferred Expense from Debentures Issuance	997	-	997	-
Unrealized (Gain) Loss on Exchange Rate	4,427	(786)	236	(511)
Minority Shareholders' Net Profit	90,786	49,621	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	999,332	1,016,083	260,704	312,941
(Increase)Decrease in Trade Accounts and Notes Receivable	(181,633)	(83,345)	(19,463)	6,973
(Increase)Decrease in Trade Accounts and Notes Receivable-Subsidiary and Related Companies	(2,226)	(2,773)	(114,809)	(7,135)
(Increase)Decrease in Farmer Accounts Receivable	(3,858)	14,024	-	-
(Increase)Decrease in Inventories	(1,606,827)	(1,341,010)	(777,857)	(1,115,883)
(Increase)Decrease in Real Estate Development Cost	(4,973)	(5,578)	-	-
(Increase)Decrease in Machine Maintenance Supplies	(72,644)	(37,914)	(1,773)	(3,650)
(Increase)Decrease in Compensation from Insurance Company	-	(15,786)	-	-
(Increase)Decrease in Other Accounts Receivables for Cane Value and Compensation for Production and Distribution of Sugar	4,357	(512,723)	422	(266,760)
(Increase)Decrease in Other Current Assets	(38,427)	16,931	2,399	(29,025)
(Increase)Decrease in Deferred Cane Plastation Cost	(121,847)	(37,044)	7,215	40,782
(Increase)Decrease in Other Non-Current Assets	(10,328)	18,076	-	(247)
Increase(Decrease) in Trade Accounts and Notes Payable	200,707	(335,542)	35,671	(113,418)
Increase(Decrease) in Trade Accounts and Notes Payable-Subsidiary and Related Companies	1,208	-	94,428	94,619
Increase(Decrease) in Accrued Corporate Income Tax	(48,602)	34,333	17,735	2,834
Increase(Decrease) in Advance Received from Customers for Goods	90,498	4,220	(12,346)	35,633
Increase(Decrease) in Accrued Stabilization Function Payment	22,822	20,986	11,337	9,890
Increase(Decrease) in Accrued Manufacturing Expenses	300,860	282,352	181,054	117,319
Increase(Decrease) in Accrued Fee Payable to Cane and Sugar Fund	184,240	(2,784)	75,106	(1,283)
Increase(Decrease) in Other Accrued Expenses	15,320	22,641	26,359	8,374
Increase(Decrease) in Other Accounts Payable	(16,714)	(49,241)	(4,854)	10,353
Increase(Decrease) in Other Current Liabilities	17,706	51,468	1,845	942
Increase(Decrease) in Other Non-Current Liabilities	(1,620)	(955)	1,527	(648)
Net Cash Received Used from Operating Activities	(272,649)	(943,581)	(215,300)	(897,389)

Unaudited

Limited Review Only

Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the nine-month periods ended on July 31, 2008 and 2007

(Unit : Thousand Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2008	2007	2008	2007
			(Restated)		(Restated)
CASH FLOW FROM INVESTING ACTIVITIES					
(Increase)Decrease in Short-Term Loans Investments		351	1,068	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiary and Related Companies		(157,227)	(77,997)	45,000	(249,000)
(Increase)Decrease in Short-Term Loans due from Farmers		130,960	(213,660)	23,824	28,039
(Increase)Decrease in Loans Receivable for Cane Plantation Promotion		18,870	28,182	-	-
Cash paid in advance for Share Subscription		-	-	-	(68,232)
Cash Purchase of Investments in Subsidiary and Associated Companies		-	-	(1,166,622)	(143,483)
Cash Received from Dividend from Subsidiary and Other Companies		97	94	187,300	116,204
Cash Purchase of Other Long-Term Investments		(18,341)	(491)	(9,841)	-
Purchase of Property, Plant and Equipment		(1,578,632)	(624,701)	(152,664)	(124,275)
Cash Received from Sale of Property, Plant and Equipment		12,472	11,306	9,856	5,323
Cash Received from Sale of Land not Used in Operation		-	450	-	450
(Increase)Decrease in Obligated Fixed Deposits		1,762	(703)	(238)	(154)
Net Cash Used from Investing Activities		(1,589,688)	(876,452)	(1,063,385)	(435,128)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions		817,258	60,059	60,975	(493,266)
Increase(Decrease) in Other Short-Term Loans		215,802	1,664,923	215,802	1,664,923
Increase(Decrease) in Short-Term Loans due to Subsidiary and Related Companies		-	(1,000)	(91,500)	409,000
Cash Received from Debentures		1,494,980	-	1,494,980	-
Cash Received from Long-Term Loans		133,507	579,205	-	200,000
Repayment of Long-Term Loans		(704,000)	(136,100)	(84,000)	(91,000)
Dividend Paid to Parent Company's Shareholders		(341,000)	(341,000)	(341,000)	(341,000)
Dividend Paid to Minority Shareholders		(4,697)	(12,289)	-	-
Increase in Minority Shareholders		325,793	91,290	-	-
Net Cash Received from Financing Activities		1,937,643	1,905,088	1,255,257	1,348,657
Decrease from Accumulated Result of Foreign Currency Translation Adjustment		(20,266)	(5,023)	-	-
Cash and Cash Equivalent Items Increase-Net		55,040	80,032	(23,428)	16,140
Cash and Cash Equivalent Items at the Beginning of the Period		290,496	175,704	32,268	18,972
Cash and Cash Equivalent Items at the End of the Period	27	345,536	255,736	8,840	35,112

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Notes to financial statements are an integral part of these financial statements.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the nine-month periods ended on July 31, 2008 and 2007

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2008	2007	2008	2007
		(Restated)		(Restated)
Additional Disclosure of Cash Flows				
1. Cash payment during the period				
- Interest paid	148,847	148,276	95,424	66,866
- Corporate Income Tax	308,438	242,840	42,885	1,313
2. Significant non-cash items in the consolidated and the separate financial statements as follows :-				
- Unrealised profit (loss) from securities for sale	(1,783)	1,488	(913)	466
- Investment in a subsidiary company but not yet paid	-	-	131,875	-
- Transfer of other long-term investment to investment in subsidiary company	-	-	210	-
- Transfer of land development cost and depreciation to deferred cane plantation cost	41,111	6,448	1,998	1,902
- Transferred a part of real estate development cost to property, plant and equipment	763	-	-	-
- Purchase of fixed assets but not yet paid	167,270	84,640	-	-
- Receipt of debt repayment in assets	26,375	-	-	-
- Transfer of land not used in operation to property, plant and equipment	323	-	-	-
- Purchase of vehicles under hire-purchase contract	-	4,113	-	-
- Transfer of land to real estate development cost	-	14,081	-	-
- Subsidiary companies recorded interest expense as cost of asset	525	8,614	-	-
- Subsidiary companies had capital surplus from assets revaluation	286	-	-	-
- Depreciation in capital surplus from assets revaluation	229,803	147,056	65,760	40,454
- Capital surplus from assets revaluation written off and net from accumulated depreciation	5,744	12,036	3,018	-
- Transfer of minority shareholders' equity to surplus from changes in shareholding ratio in subsidiary companies	26,084	-	-	-
- A subsidiary company had share subscription receivables due from minority shareholders, which have not been received	160,356	23,583	-	-

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KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES**NOTES TO FINANCIAL STATEMENTS****July 31, 2008 and 2007 (Unaudited/Limited Review Only)****and October 31, 2007 (Audited)**

1. General Information

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED (The Company) was registered as a limited company under the Civil and Commercial Code on October 6, 1976 with the registration number 1163/2519 and was later registered as a limited public company on March 18, 2004 with the registration number Bor Mor Jor 0107547000214. Its registered headquarter is located at 503 K.S.L.Tower, 9th Floor, Sriyudahya Road, Ratchathewi, Bangkok and its factory is located at 43 Moo 10, Namphong District, Namphong, Khonkaen Province. The Company's main business is to manufacture and distribute sugar and molasses.

2. Basis of Financial Statement Preparation and Accounting Policies

- 2.1 These interim financial statements are prepared in accordance with generally accepted accounting principles used in Thailand presented in condensed form as specified by Thai Accounting Standard No. 41 on "Interim Financial Reporting". The Company has presented items in the balance sheet, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements in accordance to Thai Accounting Standard No. 35 on "Presentation of Financial Statements" and disclose information in accordance with the pronouncement of Securities and Exchange Commission and also regulation of the Stock Exchange of Thailand.
- 2.2 These interim financial statements have been prepared to provide additional information from the latest presented annual financial statements; therefore the interim financial statements emphasized on providing the information on the new activities, events and situations so the information presented is not redundant with the information already presented. These interim financial statements should be read in conjunction with the latest annual financial statements.
- 2.3 Significant accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended on October 31, 2007.
- 2.4 The Company prepared its statutory financial statements in the Thai language in conformity with generally accepted accounting principles in Thailand. The accounting standards used may be different from generally accepted accounting principles in other countries. For the convenience of the reader, the financial statements in English version have been translating from the statutory financial statements in Thai version in order to requirement of domestic reporting purpose.

2.5 There have been reclassification of items in the consolidated and the separate financial statements for the year ended on October 31, 2007 in order to be compatible with those for the nine-month period ended on July 31, 2008, which bears no effect on net profit or shareholders' equity, as follows :-

- Reclassify of other accounts receivable-cane value and compensation for production and distribution of sugar under current asset caption to non-current asset in the consolidated financial statements in amount of Baht 246.21 million and in the separate financial statements in amount of Baht 130.54 million.
- Reclassify accounts of price stabilisation cost payable, accrued expenses and other payables to account of other accounts receivable-cane value and compensation for production and distribution of sugar in the consolidated financial statements for amount of Baht 176.50 million and in the separate financial statements for amount of Baht 81.93 million.
- Reclassify of other accounts payable to trade accounts and notes payable in amount of Baht 80.96 million.
- Reclassify of other long-term investment to minority shareholders' equity in the consolidated financial statement for the amount of Baht 4.20 million.

3. Basis of Interim Consolidated Financial Statement Preparation

3.1 These interim consolidated financial statements have been prepared by including the financial statements of the Company and its subsidiary companies are included. The basis of consolidated this financial statements for the year ended October 31, 2007. The structure of the shareholding ratio of the group companies during the period is as follow :-

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Shareholding</u>			
	<u>2008</u>	<u>2007</u>		
Thai Sugar Terminal Public Co., Ltd. and its subsidiary companies	23.82	23.82	Thailand	Sugar transporting service, silo warehouse and property rental and manufacture and distribution of wheat flour
New Krung Thai Sugar Factory Co., Ltd.	93.01	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.	98.61	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.79	78.63	Thailand	Export sugar as exporting agent
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	Production 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	97.00	97.00	Laos	Agricultural operation, manufacture and distribution of sugar and molasses which are during investment process
Koh Kong Plantation Co., Ltd.	50.00	50.00	Cambodia	Agricultural operation are during investment process

<u>Company Name</u>	<u>Percentage of Shareholding</u>		<u>Country of Incorporation</u>	<u>Kind of Business</u>
	<u>2008</u>	<u>2007</u>		
Koh Kong Sugar Industry Co., Ltd.	50.00	-	Cambodia	Manufacture and distribution of sugar and molasses are during investment process
Wynn In Trading Co., Ltd.	100.00	-	Mauritius	Trading and Consultancy Service

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

3.2 THAI SUGAR TERMINAL PUBLIC CO., LTD. which is a subsidiary company, has increased its investment in T S TRANSPORT AND LOGISTIC CO., LTD. from 2% to 77.44% of the latter's issued and paid-up share capital, thus changing it from an associated company to a subsidiary company status. The financial statements of T S TRANSPORT AND LOGISTIC CO., LTD. are therefore, included in the consolidated financial statements of THAI SUGAR TERMINAL PUBLIC CO., LTD. and its subsidiary companies since the second quarter of year 2008.

3.3 The accounting periods of subsidiary companies ended on the same date as the parent company (accounting period ended on October 31) except the THAI SUGAR TERMINAL PUBLIC CO., LTD. and its subsidiary companies, SAVANNAKHET SUGAR COPORATION, KOH KONG PLANTATION CO., LTD. and KOH KONG SUGAR INDUSTRY CO., LTD. whose accounting periods ended on December 31.

3.4 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.

4. Change in Accounting Policy

4.1 In the fourth quarter of year 2007, the Company changed the policy for recording of investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method with the Federation of Accounting Professions (FAP)'s notification No. 26/2006 dated on October 11, 2006 on Accounting Treatment relating to Thailand Accounting Standard (TAS) No. 44 on Consolidated Financial Statements and Accounting for Investment in Subsidiaries (1st Amendment), the Federation of Accounting Professions (FAP)'s notification No. 9/2007 dated on May 2, 2007 on Accounting Standard. The Company has performed retro-adjustment to the comparative financial statements. The Company restated by using original cost as initial cost in investments in subsidiary and associated companies of the separate financial statements. This adjustment caused the net profit in the separate financial statements to differ from that reported in the consolidated financial statements. For the

three-month and the nine-month periods ended on July 31, 2007 in the consolidated financial statements had net profit of Baht 144.44 million and Baht 718.81 million respectively. However, the separate financial statements over the same periods showed net profit of Baht 6.89 million and Baht 310.14 million respectively. Therefore, the Company would like to clarify with the additional information about the effects on the said changed the policy for recording as follows: -

- 1) The effects on the separate statement of income for the three-month and the nine-month periods ended on July 31, 2007 caused net profit to be decreased by Baht 138.36 million and Baht 411.77 million respectively (earning per share is decreased by Baht 0.09 and Baht 0.27 per share respectively). This is because the separate financial statements did not include participating profit from investments under the equity methods in the amounts of Baht 136.63 million and Baht 503.45 million respectively but loss from impairment of investments in the amounts of Baht 1.73 million and Baht 24.43 million respectively and included the dividend income from the subsidiary companies for and the nine-month periods ended on July 31, 2007 amounts of Baht 116.11 million .
- 2) The effect on the separate statement of shareholders' equity for the nine-month periods ended on July 31, 2007 resulted in the surplus from the asset revaluation-subsiary companies decreased by Baht 144.59 million, the unrealized gain from available for sale asset increased by Baht 0.84 million, the accumulated result of foreign currency translation adjustment decreased by Baht 1.56 million and the beginning balance of retained earnings decreased by Baht 635.30 million and shown in "Accumulated Result from Change in Accounting Policy-Investment in the Subsidiary and Associated Companies".

The said change in the accounting policy has effect to the reflection of the accounting transactions related to the subsidiary and associated companies in the separate financial statements only, there was no effect to the consolidated financial statements and the fundamental business operation of the Company.

- 4.2 In the fourth quarter of year 2007, the Company and its subsidiary companies have changed the policy for recording the land not used in operation from the original cost recording at cost and shown at the fair value when the land is evaluated to recording at cost to be more suitable and compliance with the accounting standard No. 44 (revised 2007) on the consolidated and separate financial statements, which set for the consolidated financial statements to be prepared by applying the same accounting policy for the same accounting transaction and other event in the similar situation; therefore created effect to the consolidated and separate statements of changes in the shareholders' equity and shown under the "Accumulated Result from Change in Accounting Policy-Land not used in Operation" for the nine-month period ended on July 31, 2007 as follows: -

<u>Item</u>	<u>Change</u>	<u>Amount (Unit : million Baht)</u>	
		<u>Consolidated</u>	<u>Separate</u>
		<u>financial statements</u>	<u>financial statements</u>
Surplus from Asset Revaluation-Parent Company	decrease	159.19	159.19
Surplus from Internal Restructure of Entities under Common Control	decrease	0.59	-
Minority Shareholders' Interest	decrease	0.06	-

5. Inter-Transactions between the Related Parties and Companies

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

5.1 Inter-Assets and Liabilities

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>(Unit :Thousand Baht)</u>			
		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>As at</u>		<u>As at</u>	
		<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
- Trade Accounts and Notes Receivable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	48,445	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	38,688	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	27,674	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	-	9
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	5	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	3	-
KSL Chemical Co., Ltd.	Subsidiary	-	-	1	-
Thai Fermentation Industry Co., Ltd.	Related	-	417	-	-
Prachaup Industry Co., Ltd.	Related	4,124	-	-	-
Other Related Companies		1	1,378	2	-
Total		4,125	1,795	114,818	9
- Other Accounts Receivable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	1,527
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	-	1
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	460	1
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	2,615	664
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	22,997	29,792
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	490	36
Savannakhet Sugar Corporation	Subsidiary	-	-	-	46
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	767	13
K. K. Wood Industry Co., Ltd.	Related	120	233	115	233
Thai Fermentation Industry Co., Ltd.	Related	1,802	-	-	-
Other Related Companies		15	-	9	-
Total		1,937	233	27,453	32,313

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	(Unit :Thousand Baht)			
		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>As at</u>		<u>As at</u>	
		<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
- Accrued Dividend Received					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	94,725
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	-	49,175
Total		-	-	-	143,900
- Accrued Receivable					
Prachaup Industry Co., Ltd.	Related	261	-	-	-
- Cash Advance for Sugar					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	-	818
- Advance					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	-	1,767
Wynn In Trading Co., Ltd.	Subsidiary	-	-	448	-
Total		-	-	448	1,767
- Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	252,000	394,000
Repaid in the period		-	-	(252,000)	(394,000)
Ending balance		-	-	-	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	80,000	178,000
Repaid in the period		-	-	(80,000)	(178,000)
Ending balance		-	-	-	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	34,000	-
Increase in the period		-	-	180,000	284,000
Repaid in the period		-	-	(214,000)	(250,000)
Ending balance		-	-	-	34,000
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	13,600	13,600
Increase in the period		-	-	-	-
Repaid in the period		-	-	(11,000)	-
Ending balance		-	-	2,600	13,600
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	68,000	148,000
Repaid in the period		-	-	(68,000)	(148,000)
Ending balance		-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	100,000	22,000
Repaid in the period		-	-	(100,000)	(22,000)
Ending balance		-	-	-	-

(Unit :Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>As at</u>		<u>As at</u>	
		<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
- Short-Term Loans due from (Continued)	Subsidiary				
KSL Chemical Co., Ltd.					
Beginning balance		-	-	-	-
Increase in the period		-	-	-	2,000
Repaid in the period		-	-	-	(2,000)
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		95,581	153,167	-	-
Increase in the period		1,222,910	717,180	-	-
Repaid in the period		(1,065,683)	(774,766)	-	-
Ending balance		252,808	95,581	-	-
Total		252,808	95,581	2,600	47,600
- Value of Assets Purchased					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	1,492	4,290
- Value of Assets Sold					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	79
New Krung Thai Sugar Factor Co., Ltd.	Subsidiary	-	-	-	104
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	26
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	568
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	-	964
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	-	120
Total		-	-	-	1,861

As at July 31, 2008 and October 31, 2007, loans due from subsidiary and related companies were loans in the form of at call on demand promissory notes bearing interest rates at 3.53-3.75% and 4.08-6.87% 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 the notes to financial statements No. 18.

Purchase / sale prices of assets with subsidiary and related companies are actually agreed prices said are higher than cost

(Unit :Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>As at</u>		<u>As at</u>	
		<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	54,081	13,043
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	47,789	19,869
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	39,536	1,208
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	-	12,858
Other Related Companies		5	86	-	-
Total		5	86	141,406	46,978

(Unit :Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		As at		As at	
		July 31, 2008	October 31, 2007	July 31, 2008	October 31, 2007
- Payables for Share Subscription					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	131,875	-
- Other Accounts Payable					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	853	-
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	5	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	556	2,142
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	173	-
Kerry Siam Seport Co., Ltd.	Related	131	616	131	616
K.S.L. IT Center Co., Ltd.	Related	665	16	501	16
Thai Fermentation Industry Co., Ltd.	Related	-	19	3	19
KSL Tower Juristic Person Office	Related Juristic Person	-	673	-	673
Other Related Companies		9	-	1	-
Total		805	1,324	2,223	3,466
- Accrued Expense					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	-	4
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	15,198	980
TS Warehouse Co., Ltd.	Subsidiary	-	-	261	261
Rajburi Sugar Co., Ltd.	Related	252	-	-	-
K.S.L. IT Center Co., Ltd.	Related	721	-	-	-
Kerry Siam Seport Co., Ltd.	Related	2,274	297	931	297
K.S.L. Tower Juristic Person Office	Related Juristic Person	704	27	704	27
Prachaup Industry Co., Ltd.	Related	1,039	-	-	-
Other Related Companies		3	-	-	-
Total		4,993	324	17,094	1,569
- Advance Received from Customers for Goods					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,854	20,436
Thai Fermentation Industry Co., Ltd.	Related	64,633	41,083	17,500	3,725
Other Related Companies		34	-	-	-
Total		64,667	41,083	19,354	24,161
- Money Guarantees received					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	90	90
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	440	440
K.S.L. IT Center Co., Ltd.	Related	110	110	110	110
Raja Ceramics Co., Ltd.	Related	410	410	410	410
On Nuj Construction Co., Ltd.	Related	142	142	142	142
K. K. Wood Industry Co., Ltd.	Related	358	276	358	276
Total		1,020	938	1,550	1,468
- Short-Term Loans due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	65,000
Increase in the period		-	-	147,000	160,000
Repayment in the period		-	-	(147,000)	(225,000)
Ending balance		-	-	-	-

(Unit : Thousand Baht)

Type of Transaction/Company Name	Relationship	Consolidated		Separate	
		financial statements		financial statements	
		As at		As at	
		July 31, 2008	October 31, 2007	July 31, 2008	October 31, 2007
- Short-Term Loans due to (Continued)					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	43,000	-
Increase in the period		-	-	35,000	211,000
Repayment in the period		-	-	(78,000)	(168,000)
Ending balance		-	-	-	43,000
K.S.L. Export Trading Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	660,000
Repayment in the period		-	-	-	(660,000)
Ending balance		-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	48,500	-
Increase in the period		-	-	54,000	165,500
Repayment in the period		-	-	(102,500)	(117,000)
Ending balance		-	-	-	48,500
T S Transport and Logistics Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	1,000	-	-
Repayment in the period		-	(1,000)	-	-
Ending balance		-	-	-	-
Total		-	-	-	91,500

As at July 31, 2008, loans from subsidiaries are in the form of promissory notes due in three-months at interest rate of 3.00% per annum and as at October 31, 2007 they were payable on demand and interest chargeable at 2.75-6.25% per annum.

In the year 2007, loan due to K.S.L. Export Trading Co., Ltd. was in the form of promissory notes repayable at call on demand and bearing interest rate at 4.00% 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 which has been fully repaid during the period.

In the year 2007, short-term loans between subsidiaries and related companies were in the form of loan agreements with interest chargeable at rate of three-month deposit at a commercial bank which at the date of signing agreements stands at 3.25% per annum.

5.2 Inter Revenues and Expenses

Type of Transaction/Company Name	Relationship	(Unit : Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		For the nine-month periods ended on July 31,			
		2008	2007	2008	2007
- Sales and Services					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	36,235	1,978
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	58,816	3,189
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	25,909	1,708
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	226,827	151,713
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	11	13
KSL Chemical Co., Ltd.	Subsidiary	-	-	2	1
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	2	5
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	4	-
Thai Fermentation Industry Co., Ltd.	Related	92,119	123,606	26,094	399
Raja Ceramics Co., Ltd.	Related	55	58	55	58
Other Related Companies		9	15	10	9
Total		92,183	123,679	373,965	159,073
- Purchases					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	377,739	383,793
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	291,141	301,715
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	57,041	78,939
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	-	15
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	6,996	5,455
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	101,973	80,834
Thai Fermentation Industry Co., Ltd.	Related	2,105	2,755	665	851
Total		2,105	2,755	835,555	851,602
- Income from Transport Fees and Export Services					
Eastern Sugar And Sugar Cane Co., Ltd.	Related	-	296	-	-
Rajburi Sugar Co., Ltd.	Related	102	1,732	-	-
Mitr Kaset Sugar Industry Co., Ltd.	Related	-	817	-	-
Prachaup Industry Co., Ltd.	Related	10,163	7,558	-	-
Total		10,265	10,403	-	-
- Other Incomes					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	38	11
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	13	11
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	30	9
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	25	42
KSL Chemical Co., Ltd.	Subsidiary	-	-	8	8
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	25,806	33,748
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	7,226	142,479
KSL. Agro Co., Ltd	Subsidiary	-	-	1	-
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	1,416	389
Savannakhet Sugar Corporation	Subsidiary	-	-	259	293
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	9,360	3,092
Koh Kong Sugar Industry Co., Ltd.	Subsidiary	-	-	391	-
Thai Fermentation Industry Co., Ltd.	Related	2,174	205	48	64
On Nuj Construction Co., Ltd.	Related	365	365	365	365

		(Unit : Thousand Baht)			
<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>For the nine-month periods ended on July 31.</u>			
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
- Other Incomes (Continued)					
K.S.L. IT Center Co., Ltd.	Related	279	273	279	272
Raja Ceramics Co., Ltd.	Related	1,099	1,087	1,093	1,087
K. K. Wood Industry Co., Ltd.	Related	1,023	832	995	832
Amarco Co., Ltd.	Related	15	14	15	14
Other Related Companies		35	-	5	-
Total		4,990	2,776	47,373	182,716
- Interest Incomes					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	2,394	2,725
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	549	2,488
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	2,678	3,764
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	113	638
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	191	3,024
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	282	254
KSL Chemical Co., Ltd.	Subsidiary	-	-	-	6
Total		-	-	6,207	12,899
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	4,850	3,630
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	3,124	2,909
TS Warehouse Co., Ltd.	Subsidiary	-	-	2,178	1,176
Kerry Siam Seaport Co., Ltd.	Related	7,613	2,905	5,577	2,905
Prachaup Industry Co., Ltd.	Related	1,039	-	-	-
Total		8,652	2,905	15,729	10,620
- Other Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	86	3
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	3	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	9	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	-	97
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	-	1,044
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	7,769
K.S.L. IT Center Co., Ltd.	Related	5,529	4,609	1,816	1,487
KSL. Tower Juristic Person Office	Related Juristic Person	6,310	6,276	6,309	6,276
Thai Fermentation Industry Co., Ltd.	Related	83	104	25	33
On Nuj Consuction Co., Ltd.	Related	135	-	129	-
Other Related Companies		8	-	-	-
Total		12,065	10,989	8,377	16,709
- Interest Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	380	1,663
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	453	557
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	-	1,302
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	499	200
Total		-	-	1,332	3,722

(Unit : Thousand Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>
		<u>For the nine-month periods ended on July 31,</u>			
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
- Profit (loss) from Asset Sale					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	1,349
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	-	(102)
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	1,129	(26)
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	409
Koh Kong Plantation Co., Ltd.		-	-	-	18
Total		-	-	1,129	1,648

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 .
- Rental income are charged according to the normal price charged to general clients.
- Revenue from selling of supplies are charged according to the cost.
- Income from land leased out to a subsidiary company was charged according to the lease agreement, of which the tenor is 30 years, starting from January 25, 2005 until January 24, 2035 at the annual rental 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 would automatically belong to the lessor.
- Inter-Service income, other income and expense are charged according to the normal price charged to general clients.
- Fees for goods custody are charged according to the volume of the goods and the custody time, which are general market prices.
- The expenses paid on behalf of each other are charged according to actual expenses.

5.3 Relationship of Related Companies

Consisted of: -

<u>Company Name</u>	<u>Relationship</u>	<u>Connection</u>
K.S.L. IT Center Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
Raja Ceramics Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
K.K. 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
Kerry Siam Seaport Co., Ltd.	Related Company	Directors of the Related Company
KSL Tower Juristic Person office	Related Juristic Person	Shared Owner of Condominium Building

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

6. Trade Accounts and Notes Receivable-Net

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Accounts Receivable-Local				
Not yet due	347,691	326,482	107,724	88,311
Not over 3 months	120,822	22,595	14,466	-
Over 3 months but not over 6 months	2,290	-	-	-
Over 6 months but not over 9 months	249	-	-	-
Over 9 months	6	-	-	-
Total	471,058	349,077	122,190	88,311
Accounts Receivable-Foreign				
Not yet due	123,976	69,520	23,192	42,418
Total	595,034	418,597	145,382	130,729
Notes Receivable	18,874	13,085	11,179	6,369
Total Accounts and Notes Receivable	613,908	431,682	156,561	137,098
<u>Less</u> Allowance for Doubtful Debts	(1,977)	(764)	-	-
Net	611,931	430,918	156,561	137,098

7. Trade Accounts Receivable-Subsidiary and Related Companies

Consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Trade Accounts Receivable				
Not yet due	3,930	883	114,818	9
Not over 3 months	195	912	-	-
Total Accounts Receivable	4,125	1,795	114,818	9

8. Farmer Accounts Receivable-Net

Consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Cane Accounts Receivable				
Before Season 2003 / 2004	44,272	46,054	398	398
Season 2003 / 2004	5,841	6,786	-	-
Season 2004 / 2005	6,971	7,712	-	-
Season 2005 / 2006	14,451	17,156	-	-
Season 2006 / 2007	4,967	15,518	-	-
Season 2007 / 2008	20,209	-	-	-
Total	96,711	93,226	398	398
Fuel Oil, Fertilizer and Other Service				
Charge Accounts Receivable	6,259	5,886	-	-
Total	102,970	99,112	398	398
<u>Less</u> Allowance for Doubtful Debts	(67,498)	(70,330)	(398)	(398)
Net	35,472	28,782	-	-

9. Short-Term Loans due from Farmers

As at July 31, 2008 and October 31, 2007, these loans consisted of majority portion in the form of post-dated cheques in the consolidated financial statements at Baht 233.30 million and Baht 338.99 million respectively and in the separate financial statements at Baht 27.81 million and Baht 27.04 million respectively where farmers discounted with the Company and its subsidiary companies with the interest rate based on the lending rate of commercial bank and another portion in the form of advance paid to farmer.

10. Inventories-Net

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Refined Sugar	1,139,498	500,009	586,182	281,406
White Sugar	512,530	445,440	231,240	232,228
Raw Sugar	768,376	175,640	666,734	175,640
Molasses for sale	210,660	130,896	39,484	76,055
Alcohol and fertilizer in process	56,796	89,444	-	-
Alcohol and fertilizer	35,849	96,432	-	-
Chemical for sale	1,221	2,236	-	-
Finished wheat flour	6,763	2,235	-	-
Work in process- wheat flour	96,003	6,150	-	-
Raw materials-wheat flour	228,533	14,066	-	-
Other raw materials	1,540	437	-	-
Factory supplies	122,080	85,987	73,228	53,682
Total	3,179,849	1,548,972	1,596,868	819,011
<u>Less</u> Allowance for dilapidated supplies	(686)	(122)	-	-
Allowance for the cost value exceeding net realizable value	-	(8,539)	-	-
Net	3,179,163	1,540,311	1,596,868	819,011

11. Other Accounts Receivable-Cane Value and Compensation for Production and Distribution of Sugar

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statement</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Other Accounts Receivable-Cane value	569,327	572,076	307,568	310,135
<u>Less</u> Payable for price stabilisation cost	(94,879)	(94,656)	(46,138)	(46,188)
Fees for cane and sugar cane research	(21,792)	(21,659)	(10,061)	(9,927)
Payable to Bank for Agriculture and Agricultural Cooperatives	(60,184)	(60,184)	(25,815)	(25,815)
Net	392,472	395,577	225,554	228,205
Other Accounts Receivable-Compensation for				
Production and Distribution of Sugar	40,139	-	34,179	-
Total	432,611	395,577	259,733	228,205

For the harvest season 2006/2007, the final cane price and the final compensation for the production and distribution of sugar were less than the initial cane price. In accordance to the Cane and Sugar Act B.E. 2527, Section 56 determined that the Cane and Sugar Fund pay the compensation to the Company and its subsidiaries at the amount equal to such difference and the cane farmers do not have to return the excess amount of the cane price received. In year 2007, the difference of the amount which the Company and its subsidiary companies paid the initial cane price to the farmers as published in the Royal Gazette, mentioned in the note to the financial statements No. 20 was higher than the final cane price, which the management has estimated (that equal to the final cane price announcement published in the Royal Gazette) is reflected as the "Other Accounts Receivable-Cane Value". And according to the letter from the Fund No. W.026/2551 dated June 4, 2008 covering the matter about setting-off debts between amount that the Fund has to pay in compensation for the difference between cane price and sugar cane distribution price in harvest season 2006/2007 with the amount the sugar-cane factories once to the Fund, the Company and subsidiaries thus setting-off items in the consolidated and the separate financial statements i.e. price stabilisation cost, fees for cane and sugar cane research and deductions from final cane price to repay debt due to Bank for Agriculture and Agricultural Cooperatives for the amounts Baht 176.86 million and Baht 82.01 million respectively, resulting in the decrease of the same amount in other receivables-cane value. The remaining amount will be informed later by the Fund and the management expects it to be repaid within a year.

The Company and its subsidiary companies together with other companies in the sugar industry jointly filed charge against the Cane and Sugar Board as 1st defendant and the Office of Cane and Sugar Board as 2nd defendant because they are not in agreement with the fixing of the final cane price and distribution compensation for production of sugar for the harvest season 2001/2002. As of April 30, 2008, the Supreme Administrative Court gave a judgement in favour of companies in the sugar-cane industry by giving order to revoke the announcement of Cane and Sugar Board dated November 19, 2003 on fixing final cane price and

production compensation for the harvest year 2001/2002 effective from December 3, 2003 onwards which was the date the announcement was published in the Royal Gazette. As a result, the office of the Cane and Sugar Board has to compensate for final cane price and compensation of final sugar-production and distribution for the harvest season 2001/2002 in the amount of Baht 37.91 million in the consolidated financial statements and Baht 31.95 million in the separate financial statements, which the Company and subsidiaries have recognized as other income and receivable for cane value by the same amounts.

12. Investments in Subsidiary and Associated Companies-Net

Consisted of:

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital		Percentage of Shareholding		Consolidated financial statements					
					As at July 31, 2008			As at October 31, 2007		
					Investment		Dividend	Investment		Dividend
	2008	2007	2008	2007	Cost	Equity	Cost	Equity	Cost	
<u>Associated Company</u>										
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800	58,490	-	73,800	49,676	-
Total					73,800	58,490	-	73,800	49,676	-

(Unit : Thousand Baht)

Company Name	Paid-Up Share Capital		Percentage of Shareholding		Separate financial statements					
					As at July 31, 2008 and October 31, 2007					
					Investment		Cost	Dividend		
	2008	2007	2008	2007	2008	2007	2008	2007		
<u>Subsidiary and Associated Companies</u>										
Thai Sugar Terminal Public Co., Ltd. and its subsidiaries	120,000	120,000	23.82	23.82	91,417	83,309	-	-	-	-
New Krung Thai Sugar Factory Co., Ltd.	604,375	472,500	93.01	91.06	438,769	306,893	-	-	-	78,679
Tamaka Sugar Industry Co., Ltd.	600,000	600,000	90.21	90.21	523,337	523,337	43,303	181,331	-	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	500,000	220,000	98.61	96.85	569,284	289,284	-	-	-	-
K.S.L. Real Estate Co., Ltd.	140,000	140,000	80.31	80.31	89,134	89,134	-	-	-	-
K.S.L. Export Trading Co., Ltd.	20,000	20,000	33.88	33.88	6,775	6,775	-	-	-	-
KSL Chemical Co., Ltd.	7,500	7,500	100.00	100.00	6,619	6,619	-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	600,000	400,000	100.00	100.00	599,972	399,972	-	-	-	-
Khon Kaen Alcohol Co., Ltd.	272,500	160,000	100.00	100.00	272,486	159,986	-	-	-	-
KSL. Agro Co., Ltd	100,000	100,000	100.00	100.00	100,000	100,000	-	-	-	-
Savannakhet Sugar Corporation	351,023	182,646	97.00	97.00	342,059	178,763	-	-	-	-
Koh Kong Plantation Co., Ltd.	553,905	180,980	50.00	50.00	276,952	90,490	-	-	-	-
Koh Kong Sugar Industry Co., Ltd.	798,900	-	50.00	-	399,450	-	-	-	-	-
Wynn In Trading Co., Ltd.	-	-	100.00	-	-	-	-	-	-	-
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800	73,800	-	-	-	-
Total					3,790,054	2,308,362	43,303	260,010	-	-
Plus Advance for share subscriptions-Koh Kong Plantation Co., Ltd.					-	102,412	-	-	-	-
-Savannakhet Sugar Corporation					-	80,573	-	-	-	-
Total					3,790,054	2,491,347	43,303	260,010	-	-
Less Allowance for impairment of investments					(27,442)	(27,819)	-	-	-	-
Net					3,762,612	2,463,528	43,303	260,010	-	-

In the third quarter of 2008, the Company made additional investment in ordinary shares for capital increase of New Krung Thai Sugar Factory Co., Ltd. in amount of Baht 131.88 million resulting in the increase in proportion of shareholding from 91.06% to 93.01%.

In the third quarter of 2008, the Company made additional investment in ordinary shares for capital increase of Khon Kaen Sugar Power Plant Co., Ltd. and Khon Kaen Alcohol Co., Ltd. in amounts of Baht 200 million and Baht 112.50 million respectively resulting in the same proportion of shareholding being kept.

In the third quarter of 2008, the Company made additional investment in the ordinary shares of Wynn In Trading Co., Ltd., a Mauritius resident company for the amount of Baht 32.35 equivalent to 100% shareholding.

In the first quarter of the year 2008, the Company additionally invested in the capital increase ordinary shares of New Kwang Soon Lee Sugar Factory Co., Ltd. in amount of Baht 280.00 million thus increased the shareholding ratio from formerly 96.85 % to 98.61 %.

In the first quarter of the year 2008, the Company invested in ordinary shares of Koh Kong Sugar Industry Co., Ltd. to build a sugar mill and apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia in total of 10,000 hectares covering period of 90 years. The Company's shareholding ratio is 50% amounting to Baht 199.89 million and made payment for the remaining amount in the third quarter of 2008 in amount of Baht 199.56 million.

In the first quarter of the year 2007, the Company invested in ordinary shares of Koh Kong Plantation Co., Ltd. to apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia in total of 10,000 hectares covering period of 90 years. The Company's shareholding ratio is 50% amounting to Baht 90.49 million. As at October 31, 2007, the said subsidiary company increased its share capital, which the Company has already paid USD 3.00 million for the advance share subscription and in the first quarter of the year 2008, the Company additionally invested Baht 84.05 million while maintaining the former shareholding ratio and registered the increase share capital on December 12, 2007.

In the first quarter to the third quarter of 2007, the Company additionally invested in the capital increase for ordinary shares of Savannakhet Sugar Corporation at Baht 49.61 million while maintaining the previous shareholding ratio. During the fourth quarter of 2007, the Company additionally invested another Baht 29.25 million thus increased the shareholding ratio from 80.00% to 97.00%. In the first quarter of the year 2008 and the fourth quarter of the year 2007, the Company has paid the advance share subscription at USD 4.85 million (amount of Baht 163.30 million) and USD 2.35 million (amount of Baht 80.57 million) respectively. The subsidiary company has registered the increased capital on May 2, 2008.

The financial statements of three foreign subsidiary companies, which were also consolidated, have been reviewed by other auditor. As of July 31, 2008, there were in the related financial statements the total assets of Baht 1,925.28 million and for the three-month and nine-month periods ended on July 31, 2008 the total revenue was Baht 24.81 million and Baht 32.00 million respectively and the total net profit was Baht 8.50 million and total net loss was Baht 10.07 million respectively.

As of July 31, 2008 and October 31, 2007, in the consolidated financial statements, the financial statements of Champion Fermentation Co., Ltd., an associated company, which its investment is recorded under the equity method, were prepared by the Company's management and have not been reviewed and audited by a certified public accountant. The Company recognized the participating result of the investment of the associated company as the recognized participating profit in the consolidated statements of income for the nine-month period ended on July 31, 2008 and for the year ended on October 31, 2007 at Baht 8.81 million and Baht (3.77) million respectively, equal to 1.24% and (0.45%) of the consolidated net profit respectively. During the fourth quarter of year 2007, the said associated company has changed the policy in recording the investment in subsidiary company to be consistent with the accounting policy of the group companies which the Company performed retro-adjustment to the consolidated statements of income, changes in shareholders' equity and cash flow for the nine-month period ended on July 31, 2007. Therefore, the consolidated statement of income showed the net profit decreased by Baht 3.10 million and the consolidated statement of change in the shareholders' equity showed the beginning balance of the retained earnings decreased by Baht 12.63 million which reflected under the caption "Accumulated Result from Change in Accounting Policy-Investments in Subsidiary of Associated Company".

13. Other Long-Term Investments-Net

Consisted of :-

Company Name	Kind of Business	Paid-Up		Percentage of Holding				Consolidated financial statements		Separate financial statements	
		Share Capital		%		%		As at		As at	
				Consolidated		Separate		July 31, 2008	October 31, 2007	July 31, 2008	October 31, 2007
		2008	2007	2008	2007	2008	2007	financial statements		financial statements	
13.1 <u>Available for Sale Securities</u>											
Investment in Debt Securities											
- Subordinated Debenture								4,000	4,000	-	-
Investment in Marketable Equity Securities											
- Bangkok Bank Public Co., Ltd.								336	336	336	336
- Ratchaburi Egco Holding Public Co., Ltd.								792	792	792	792
- Finansa Public Co., Ltd.								50	50	50	50
<u>Add</u> Unrealized Gain on Available for Sale Securities								2,480	3,350	2,836	3,750
Available for Sale Securities Investment-Net								7,658	8,528	4,014	4,928
13.2 <u>General Investments</u>											
- T S Transport and Logistics Co., Ltd.	Transportation	-	1,250	-	18.20	-	16.20	-	236	-	210
- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	20,000	3.93	3.93	1.61	1.61	787	787	323	323
- Thai Sugar Miller Co., Ltd.	Marketing	109	109	8.00	8.00	2.00	2.00	9	9	2	2
	Information Service										
- Kerry Siam Seaport Co., Ltd.	Seaport	650,000	484,500	11.23	11.23	5.95	5.95	72,968	54,390	47,630	37,787
- Krung Thai Investment and Security Co., Ltd.	Closed	-	-	-	-	-	-	45	45	45	45
- Mahanakorn Bank Public Co., Ltd.	Closed	-	-	-	-	-	-	614	614	-	-
<u>Less</u> Allowance for Impairment of Investments								(659)	(659)	(45)	(45)
General Investments-Net								73,764	55,422	47,955	38,322
13.3 <u>Investment in Held-to-Maturity Debt Securities</u>											
- Bond								13,612	13,672	6,615	6,665
Total Other Long-Term Investments-Net								95,034	77,622	58,584	49,915

As at July 31, 2008 and October 31, 2007, 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 13.43 million and Baht 13.49 million respectively and in the separate financial statements Baht 6.44 million and Baht 6.48 million respectively.

In the second quarter of 2008, the Company made investment in ordinary shares of T S Transport and Logistics Co., Ltd. for the amount of Baht 7.90 million and Thai Sugar Terminal Public Co., Ltd., which is a subsidiary company, also made additional investment in that company, thus changing status from as associated company to a subsidiary company.

In the second quarter of 2008, the Company and its subsidiary companies increased investment in ordinary shares of Kerry Siam Seaport Co., Ltd. for the amount of Baht 18.58 million as in the consolidated statements and Baht 9.84 million as in the separate financial statements. The proportion of shareholding is still the same.

14. Deferred Cane Plantation Cost-Net

Movement for the nine-month period ended on July 31, 2008 is as follows:-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Beginning Book Value-Net	156,249	22,745
Additional cost during the period		
- Cost of cane plantation	188,949	36,565
- Transfer from depreciation	41,111	1,998
Accumulated cost of cane planted	386,309	61,308
- Amortized written-off cane cost	(54,522)	(43,780)
- Sale	(12,580)	-
Ending Book Value	319,207	17,528
Loss from damaged cane	(9,515)	(127)
Loss from value impairment	(3,598)	-
Ending Book Value-Net	306,094	17,401

The Company and its subsidiary companies recorded the deferred cane plantation cost at the cost value less amortized written-off 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.

As at July 31, 2008, at Baht 1.54 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands and the Baht 278.38 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. 30.1 at Baht 94.73 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. 30.2 at Baht 183.65 million.

15. Property, Plant and Equipment-Net

Movement for the nine-month period ended on July 31, 2008 as follows: -

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Beginning Book Value-Net	9,479,375	2,972,792
Purchase	1,773,363	152,664
Increase in Capital Surplus from Asset Revaluation	286	-
Impairment of Asset-Reversal	203	-
Transfer in	253,694	73,843
Sale and Amortization	(24,049)	(13,133)
Amortization of Capital Surplus from Asset Revaluation	(6,564)	(3,817)
Transfer out	(253,694)	(73,843)
Depreciation	(291,371)	(96,993)
Depreciation-Surplus from Revaluation of Assets	(229,803)	(65,760)
Accumulated Depreciation-Sale and Amortization	20,972	10,393
Accumulated Depreciation-Amortization of Capital Surplus from Asset Revaluation	820	799
Ending Book Value-Net	10,723,232	2,956,945

In the consolidated financial statements as at July 31, 2008 and October 31, 2007, the Company and its subsidiary companies pledged land together with construction and machinery at book value of Baht 1,100.33 million and Baht 1,194.54 million respectively and in the separate financial statements at amount of Baht 270.04 million and Baht 291.65 million respectively as collaterals against short-term and long-term credit facilities with commercial banks.

For the nine month period ended on July 31, 2008 and for the year ended on October 31, 2007, in the consolidated financial statements, the cost of assets included interest expenses of Baht 0.53 million and Baht 8.61 million respectively arisen from long-term loans obtained for construction of factory and machine installation.

As at July 31, 2008 and October 31, 2007, buildings and machinery of subsidiary companies for the amount of Baht 778.04 million and Baht 808.00 million respectively were constructed and installed on land leased from the parent company for the tenor of 30 years. The ownership of the buildings at the book value of Baht 73.54 million and Baht 76.21 million respectively when the asset lease agreement's term expired would be automatically transferred to the lessor as mentioned in the note to the financial statements No. 5.2.

As at July 31, 2008 and October 31, 2007, buildings and factory buildings in construction of a subsidiary company at the book value of Baht 122.24 million and Baht 97.55 million respectively were located on the land leased from another subsidiary company for the rent tenor of 1 year and can be extended for the period of 1 year until the total rental tenor reached 30 years.

As at July 31, 2008 and October 31, 2007, in the consolidated financial statements, assets at the book value of Baht 529.64 million and Baht 47.32 million respectively located on the concession land as mentioned in the notes to financial statements Nos. 30.1 and 30.2.

As at July 31, 2008 and October 31, 2007, in the consolidated financial statements, assets in cost value of Baht 3,359.05 million and Baht 3,376.07 million respectively and in the separate financial statements, of Baht 953.03 million and Baht 951.94 million respectively, were fully depreciated but still in use.

On October 15, 2007, the Company and its subsidiary companies set up the appraisal for the land together with the construction and machinery by an independent appraiser who has been approved by the Securities and Exchange Commission. The said appraisal has the following details: -

1. The land and condominium units used the Market Value Method which implied the value of the assets which expected to be sold in an appropriate time period from the appraised date with the seller's consent and the buyer fully aware of the detail of the said asset.
2. Construction and machinery used the Depreciated Replacement Cost which implied the replacement cost of the assets less the depreciation value according to the useful life and working condition. Furthermore, it could included the goodwill or the market demand for the said assets.

From the said appraisal resulted in the consolidated and the separate financial statements for the year ended on October 31, 2007 has the surplus from asset revaluation increased by Baht 1,990.90 million and Baht 760.19 million respectively, the surplus from asset revaluation decreased by Baht 186.52 million and Baht 105.08 million respectively. Furthermore, it also resulted in the allowance for the impairment of asset increased by Baht 32.42 million and Baht 22.90 million respectively and the reversal of the loss from impairment of asset at Baht 23.81 million and Baht 23.27 million respectively from the increase and/or decrease of the market price of the asset in the current situation. In the first quarter of the year 2008, the Company and its subsidiary companies have changed the approximate useful life of assets as follows: -

	<u>New Rate</u>	<u>Previous Rate</u>
- Land Improvement	5-61 years	5-20 years
- Building and Construction	20-58 years	20-42 years
- Machine and Equipment	5-32 years	5-30 years

This was to better suite the current situation by referring to the above appraisal report of the independent professional appraiser. The Company and its subsidiary companies recognized the effect of the change immediately in the consolidated and separate statement of income for the current and the following

periods thus the consolidated and separate statement of income for the three-months period ended on July 31, 2008 overstated the net profit by Baht 11.70 million and Baht 3.88 million respectively and for the nine-month period ended on July 31, 2008 the net profit shown increased in the amounts of Baht 35.10 million and Baht 11.63 million respectively comparing with the previous estimate. In every following periods, the effect would be comparable to the above. The said change applied from November 1, 2007 onward.

As the Company and its subsidiary companies choose to account by cost method and when there is an increase in asset revaluation, only net value of increase book value will be recorded to related asset account along side with revaluation surplus on assets as at July 31, 2008 and 2007, in the consolidated financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 235.55 million and Baht 158.59 million respectively and in the separate financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 68.78 million and Baht 42.24 million respectively.

If the Company and subsidiary companies choose to account for depreciation for capital surplus through the statement of income the net profit for nine-month periods ended on July 31, 2008 and 2007, in the consolidated financial statements will be shown at less amount of Baht 235.55 million and Baht 158.59 million respectively, and earning per share lowered by Baht 0.15 per share and Baht 0.10 per share respectively and in the separate financial statements the net profit for nine-month periods ended on July 31, 2008 and 2007, will be shown at less amount of Baht 68.78 million and Baht 42.24 million respectively, and earnings per share lowered by Baht 0.04 per share and Baht 0.03 per share respectively.

16. Other Accounts Receivable-Compensation for Sugar Production and Distribution

On January 9, 2008, the Office of Cane and Sugar Board issued letter No. Gor. 0602/W 72 informing the Cabinet resolution approving payment for compensation the difference between cane price and final and initial sugar production and distribution compensation to the Company and subsidiary which as calculated from the difference of compensation rate of final sugar production and distribution which is lower than that of the final stage multiplied by the volume of cane going through production process. In accordance to minutes of the Cane and Sugar Board's meeting No. 3/2551 held on March 4, 2008, it resolved to made payment for compensation of sugar production and distribution as a factory credit and Cane and Sugar Fund will gradually repays it out of collections from cane and sugar industry. (Which in accordance to the minutes of Cane and Sugar Board's meeting No.4/2551 held on April 3, 2008 resolved to collect money for cane and sugar industry stabilisation maintenance in order to compensate factories within 5 years and authorized to issue regulation to support such collections. This matter is in the process of discussion with representatives of sugar factories and issuance of regulation to collect money for such purpose is proceeding).

17. Loans Receivable for Cane Plantation Promotion-Net

Consisted of : -

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Loans Receivable for Cane Plantation Promotion	116,535	135,405
<u>Less</u> Current Portion of Loan Receivables for Cane Plantation Promotion	(18,718)	(8,143)
Total	97,817	127,262
<u>Less</u> Allowance for Doubtful Debts	(5,915)	(5,915)
Net	91,902	121,347

As at July 31, 2008 and October 31, 2007, three subsidiary companies gave loans to cane farmers for development of cane plantation in order to use such loans to buy land for plantation purpose and agricultural equipment. The loans contracts are for the term of 2-10 years onward and bearing the interest rates of 6.00-10.00% per annum for both periods. Most of farmers pledged land and vehicle as collaterals.

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

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Bank Overdrafts	2,322	3,640	975	-
Loans due to Financial Institutions	877,588	548,000	360,000	300,000
Packing Credit	252,808	95,581	-	-
Trust Receipt	331,761	-	-	-
Total	1,464,479	647,221	360,975	300,000

In the consolidated financial statements as at July 31, 2008 and October 31, 2007, bank overdrafts at the credit line of Baht 542.00 million and Baht 562.00 million respectively and in the separate financial statements at the credit line of Baht 148.00 million for both periods, carrying the same interest rate at MOR per annum for both periods.

In the consolidated financial statements as at July 31, 2008 and October 31, 2007, loans due to financial institutions are loans in the form of promissory notes at the credit line of Baht 11,310.00 million and Baht 3,835.00 million respectively and in the separate financial statements at the credit line of Baht 4,760.00 million and Baht 2,210.00 million respectively with the maturity period ranged from 3-6 months, carrying interest rates of 3.28-3.98% and 3.625-4.58% per annum respectively.

In the consolidated financial statements as at July 31, 2008, trust receipts payable carrying interest rates of 4.05-4.80 % per annum.

Bank overdrafts, short-term loans due to financial institutions and trust receipt were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of construction as collaterals, there are inter-guarantees offered and the subsidiary companies' directors also participated in guarantee against the credit facilities. Nevertheless, when some of the credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.

Packing credits payable is a loan agreement of a subsidiary company with the total of three commercial banks for the benefit of the Company and 5 subsidiaries and related companies with the total credit limit of Baht 1,640.00 million. As at July 31, 2008, a related company issued 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. 5.1). This remaining loan has the following details:-

- The remaining principal balance is in the consolidated financial statements as at July 31, 2008 and October 31, 2007 at amounts of Baht 61.61 million and Baht 66.50 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, 2008 and October 31, 2007 at amounts of Baht 191.20 million and Baht 29.08 million respectively was charged interest rate at 6.50% and MLR-1% per annum for the period of 1-6 months and guaranteed by the related company's goods.

19. Other Short-Term Loans- Net

As at July 31, 2008, the Company issued unsecured short-term bills of exchange with discount rates approximately 3.47-3.72% per annum with the details as follows:-

(Unit : Thousand Baht)

<u>Consolidated financial statements / Separate financial statements</u>						
<u>Bill of</u>	<u>Code</u>	<u>Term</u>	<u>Maturity date</u>	<u>Par Value</u>	<u>Prepaid Interest</u>	<u>Net</u>
<u>Exchange No.</u>		<u>(Days)</u>				
9/2551	KSL08808A	86	August 8, 2008	300,000	226	299,774
10/2551	KSL08829A	87	August 29, 2008	200,000	561	199,439
11/2551	KSL08912A	87	September 12, 2008	250,000	1,066	248,934
12/2551	KSL08929A	89	September 29, 2008	400,000	2,392	397,608
13/2551	KSL08013A	89	October 13, 2008	600,000	4,484	595,516
Total				1,750,000	8,729	1,741,271

20. Trade Accounts and Notes Payable

Consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Trade Accounts Payable-Cane purchase	204,637	-	78,685	-
Trade Accounts Payable	227,112	220,573	81,344	136,671
Notes Payable	29,263	16,134	25,959	13,646
Total	461,012	236,707	185,988	150,317

As at July 31, 2008, the Company and three subsidiary companies purchased canes for production season 2007/2008 using announced initial cane price for production season 2007/2008 in the Royal Gazette dated March 5, 2008. This price is Baht 600 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 36.00 per cane ton. Until the date the Company's audit committee approved the issuance of these financial statements, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2007/2008. The management of the Company and its subsidiary companies therefore record the trade account payable-cane purchase and calculate the cost of goods sold and inventories for the nine-months period ended on July 31, 2008 from estimation by the management of the Company and its subsidiary companies at cane price of Baht 743.15-769.48 per cane ton with average sweetness level at 10.97-12.43 c.c.s.

As at October 31, 2007, the Company and 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 the Company's board of directors approved the issuance of the financial statements for the year ended on October 31, 2007, 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 its 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 year ended on October 31, 2007 from estimation by the management of the Company and its subsidiary companies at cane price of Baht 780.66-831.25 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-cane value as specified in the notes to financial statements No. 11. In the first quarter of 2008, the Office of the Cane and Sugar Board announced the final cane price for the production season 2006/2007 in the Royal Gazette dated March 5, 2008 without any different between the announced final cane price and the estimates made by the management of the Company and its subsidiary companies.

21. Accrued Fee Payable to Cane and Sugar Fund

As at July 31, 2008, in the consolidated and the separate financial statements mainly the amount of Baht 186.99 million and Baht 75.49 million respectively represent amounts to be sent to Cane and Sugar Fund as per announcement of Cane and Sugar Board on fixing selling price of sugar for consumption in the Kingdom dated July 15, 2008 and ordering a levy of increased income from price increase of white sugar and refined sugar within the Kingdom from April 30, 2008 onwards to the Fund at Baht 5 per kilogram.

22. Debentures-Net

On November 19, 2007, the Company issued 2 sets of Thai Baht currency Debenture which are holder specified, unsubordinated and unsecured bonds at the par value of Baht 1,000 per unit, which have been approved by the resolution of the annual general shareholders' meeting no. 1/2550 held on February 27, 2007, with the following details: -

(Unit : Thousand Baht)

Consolidated financial statements / Separate financial statements

As at July 31, 2008

<u>Bond No.</u>	<u>Symbol</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Per Annum</u>	<u>Number of Units</u>	<u>Total Value</u>	<u>Amortized Bond Issuance Expense</u>	<u>Net</u>	<u>Fair Value</u>	
1	KSL10NA	3 Years	Nov. 20, 2010	4.94	1,000	1,000,000	2,574	997,426	994,173	
2	KSL12NA	5 Years	Nov. 20, 2012	5.44	500	500,000	1,449	498,551	497,362	
Total						1,500	1,500,000	4,023	1,495,977	1,491,535

(Thousand Unit)

Other significant compliance to the covenants of the debenture issuances.

- The Company shall maintain the debt to shareholders' equity in the consolidated financial statements at not more than 2.5 : 1 at any price and the debt to shareholder's equity as October 31 of each year at not more than 1.5 : 1 for the entire debentures terms.
- In case the credit rating of the debentures lower than the current Company's rating at that time, the Company shall pledge assets as collateral for the shareholders or proceed to correct the credit rating of the bond to be at the same level or better than the rating of the Company.

23. Long-Term Loans

Consisted of:

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Loans due to Commercial Banks	748,561	1,319,054	32,000	116,000
<u>Less</u> Current Portion of Long-Term Loans	(243,124)	(203,500)	(32,000)	(116,000)
Net	505,437	1,115,554	-	-

Movement of long-term loans for the nine-months period ended on July 31, 2008 and for the year ended on October 31, 2007 is as follows: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
Beginning book value balance	1,319,054	908,454	116,000	35,000
Increase in the period	133,507	884,700	-	200,000
Repayment in the period	(704,000)	(474,100)	(84,000)	(119,000)
Ending book value balance	748,561	1,319,054	32,000	116,000

In the consolidated and the separate financial statements as at July 31, 2008 and October 31, 2007, the Company and its subsidiary companies obtained loans from 4 commercial banks with interest rates at FIX 12 M+2.25 to MLR-1.00% per annum for both periods. The credit facilities obtained can be classified in to 9 credit lines with the important covenants as follows:-

- The first credit line: the parent company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at July 31, 2008 and October 31, 2007 of Baht 32.00 million and Baht 116.00 million respectively, which has to be repaid by August 31, 2008, repayable every three months

commencing from March 2007 until June 2008 in total of 6 installments at Baht 28.00 million each and the final installment with Baht 32.00 million repayment made in August 2008. Interest has to be paid at the end of each month and no securities were required but the following conditions have to be followed:-

- The Company shall not alter any significant matters to affect or 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
- The second credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at July 31, 2008 and October 31, 2007 of Baht 140.00 million and Baht 200.00 million respectively. The principal has a grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterwards, the repayment has to be made six-monthly, totaling 10 installments. The repayment for 1st to 9th installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10th installment. The interest is monthly repayable. The subsidiary company pledged all land together with construction and all machinery of the project as collaterals and transfer the right of insurance claim to the lender this loan has following important conditions :-
- The subsidiary company must have the registered capital at not less than Baht 100.00 million and the paid-up capital must be not less than 25% prior to or at the date of the first withdrawal of the loan.
 - The parent company must maintain the shareholding proportion in the said subsidiary company at the rate not less than 85% of the issued and paid-up share capital throughout 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.
- The third credit line: a subsidiary company's principal limit of the credit line is Baht 500.00 million with the remaining balance of the principal as at July 31, 2008 and October 31, 2007 of Baht 58.05 million and Baht 358.05 million respectively. The principal has a grace period of 3 years 6 months from the date of the first withdrawal (December 30, 2005). Afterwards, the repayments are to be made at six-monthly totaling 9 installments. The repayment for 1st to 8th installment is at Baht 57.50 million. The remaining principal must be repaid on the 9th 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 which the company will have in the future and machinery of the project with the principal of pledge at Baht 1,000.00 million to be completed within 2 years from the date of the first withdrawal.
- The parent company has to fully guaranteed against any form of credit facility.
- The subsidiary company, with the 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.

On April 29, 2008, the subsidiary company requested to decrease the credit limit from former credit limit of Baht 500.00 million to Baht 258.05 million to redeem the entire above collateral; therefore, only the parent company remains as the guarantor for the full credit limit.

- The fourth credit line: a subsidiary company's principal limit of the credit line is Baht 300.00 million with the remaining balance of the principal as at October 31, 2007 of Baht 240.00 million. The principal period is repayable every 6 months from the first installment on September 2006 to March 2012 total of 12 installments the interest is monthly repayable. The company has guaranteed for the full amount. The principal is repayable full installment is to be made on January 2008.
- The fifth credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at July 31, 2008 and October 31, 2007 of Baht 145.00 million and Baht 125.00 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 company has guaranteed for the full amount.
- The sixth credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principle as at July 31, 2008 and October 31, 2007 of Baht 200.00 million for both periods. The principal must be repaid on six-monthly installments in total of 10 installments at Baht 20.00 million per installment. The first installment must be made in December 2008. The interest is payable at the end of each month.
- The seventh credit line: a subsidiary company's principal limit of the credit line is Baht 80.00 million with the remaining balance of the principle as at July 31, 2008 and October 31, 2007 of Baht 60.00 million and Baht 80.00 million respectively. The principal must be repaid on six-monthly installments in total of 8 installments at Baht 10.00 million per installment. The first installment must be made in January 2008. The interest is payable at the end of each month.

Principal limit of the sixth and seventh credit line are guaranteed by the mortgage registration of land together with the warehouse building, factory plant building, machines, the leasehold right of the land where the factory is located of the subsidiary companies at the total book value of Baht 451.77 million. The

guarantee included the fire insurance for the constructions and machines with the equipments at the maximum limit accepted by the insurance company. The Company forfeits the benefit from the insurance to the bank as the beneficiary. The other material terms of the credit facility agreements are: -

- The subsidiary company must maintain the debt to equity to not exceeding 1 : 1
- The subsidiary company must maintain the debt service coverage ratio at not less than 1.2 : 1
- The eighth credit line: a subsidiary company's principal limit of the credit line is Baht 60.00 million with the remaining balance of the principle as at July 31, 2008 of Baht 11.69 million. The principal must be repaid on three-monthly installments in total of 20 installments at Baht 2.25 million per installment. The first installment must be made in September 2009 and interest is payable monthly with the following significant conditions :-
 - The subsidiary company has to register pledge of construction with the company with have in the future and machinery of project with the principal of pledge at Baht 85.00 million to be completed within 1 month from the date of construction to be completed.
 - The other subsidiary company has guaranteed for the full amount.
 - The subsidiary company must maintain debt to equity ratio at not more than 1.5 : 1
 - The subsidiary company must maintain the debt survive coverage ratio at not less than 1.2 : 1
- The ninth credit line : a subsidiary company's principal limit of credit line is Baht 800.00 million with the remaining balance of the principle as at July 31, 2008 of Baht 101.82 million. The principal must be repaid on 5 years installments. The principal must be repaid on six-monthly installments the first installment must be made in April 2009. The loans using its machineries and all factory equipment of subsidiary company as securities and the company and subsidiary's shareholder has also gave their guaranteed on this loan.

24. Share Capital

In accordance with the minutes of the Company's board of directors' meeting No. 2/2551 held on March 28, 2008 and in accordance with the minutes of the extra-ordinary shareholders' meeting No. 1/2551 held on April 29, 2008, it approved the following issues: -

- Approve the issuance of the warrants to purchase the ordinary shares of Khon Kaen Sugar Industry Public Company no. 1 ("the Warrant") with the following details: -

Name	:	Warrants of Khon Kaen Sugar Industry Public Company Limited No. 1/2551
Type	:	In name certificated form and transferable
Offering and Issuance Amounts	:	Not exceeding 155,000,000 units
Issuance Date	:	Within 6 months after the acceptance of SEC's approval or within the time frame permitted by the SEC which must not exceed 12 months after the SEC's approval.

Term of Warrants	:	2 years from the issuance date.
Offering price per units	:	Baht -0-
Allocation Method	:	Allocate to the existing shareholders of the Company whose names appear in the share register book on the closing date for right to receive the warrants, the date of which the Board of Directors, the authorized directors or the persons who are authorized by the Board of Directors or the authorized directors will determined after acceptance of SEC's approval. The allocation will be at the ratio of 10 shares to 1 unit of warrant.
Exercise Ratio	:	1 unit of warrant for 1 ordinary share (unless the exercise price is adjusted under rights adjustment).
Exercise Price	:	Baht 17 per share (unless the exercise price is adjusted under rights adjustment).
Exercise Period and Condition of Exercise	:	The warrant holders may exercise their right for the first-time exercise after 1 year period from the issuance date (the first-time exercise date). The last-time exercise date is the date which the warrants reach 2 years from the issuance date.
Secondary Market of Warrants and the Exercised Shares	:	The Company will list the warrants and the ordinary shares on the Stock Exchange of Thailand (SET).

- Approve the decrease of the registered share capital and to amend the memorandum of association with the following details: -
 - 1) Decrease the registered share capital from formerly Baht 1,600.00 million to Baht 1,550.00 million by cancellation of 50.00 million of the registered share which have not been offered for sale.
 - 2) Amend the Company's memorandum of association to correspond with the decrease of the registered share capital

The Company has already registered the change with the Ministry of Commerce on May 12, 2008.

- Approve the increase of the registered share capital and to amend the memorandum of association to support the exercise of warrant to purchase the Company's ordinary shares with the following details: -
 - 1) Increase the registered share capital from formerly Baht 1,550.00 million to Baht 1,705.00 million by issuance of 155.00 million new ordinary shares at the par value of Baht 1.00 per share.
 - 2) Amend the Company's memorandum of association to correspond with the increase of the registered share capital

The Company has already registered the change with the Ministry of Commerce on May 13, 2008.

- Approve the allocation of the 155.00 million increased capital ordinary shares at the par value of Baht 1.00 per share to support the exercise of the Company's warrant
- Approved the allocation of capital-increase ordinary shares in case of ordinary shares remained from the exercise of the Company's warrants offered to the existing shareholders, if there are unexercised warrants, for whatever reasons, resulting from the ordinary shares allocated to support the exercise of the warrants remained, the remaining shares shall be allocated to offer to private placement not exceeding 35 persons and/or the Institutional Investors pursuant to the relevant notifications of the Securities and Exchange Commission. The Shareholders' Meeting shall grant the authority to the Board of Directors, the Authorized Director(s), or other persons delegated by the Board of Directors or the Authorized Director(s) to act as follows:
 - 1) To offer for sale or to sell the remaining ordinary shares, in a whole or in a part, in one or several issue(s) from time to time;
 - 2) To prescribe and/or change the details or conditions concerning to the offering for sale or the sale of shares, such as the price, period, method, other details and conditions concerning to the offering or sale of those ordinary shares;
 - 3) To proceed with all necessary or relevant acts in order to accomplish the allocation, offering or sale of the ordinary shares remained from the exercise of warrants.

25. 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-months period ended on July 31, 2008 is as follows: -

(Unit : Thousand Baht)

	<u>Revaluation Surplus on</u> <u>Assets-Subsidiary Companies</u>	<u>Discount from Internal Restructure</u> <u>of Entities under Common Control</u>	<u>Net</u>
Beginning balance	2,312,816	(263,643)	2,049,173
Increase in the period	286	-	286
Decrease in the period	(139,894)	2,292	(137,602)
Ending balance	2,173,208	(261,351)	1,911,857

26. Dividend Paid and Legal Reserve

In accordance with the minutes of the annual general shareholders' meeting No. 1/2551 held on February 28, 2008, it was unanimously resolved to appropriate Baht 23.00 million from net profit in 2007 to legal reserve and to pay dividends from operating result of the Company from November 1, 2006 to October 31, 2007 at the rate of Baht 0.22 per share totaling Baht 341.00 million. The dividend had been paid to shareholders on March 27, 2008.

In accordance with the minutes of the annual general shareholders' meeting No. 1/2007 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.

27. Cash and Cash Equivalent Items

Consisted of: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at July 31,</u>		<u>As at July 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and Deposits at Financial Institutions	345,536	255,736	8,840	35,112
Short-Term Investments				
- Investment in marketable securities	4,315	4,666	-	-
<u>Less</u> Adjustment of investments to fair value	(2,602)	(2,142)	-	-
Total Short-Term Investments	1,713	2,524	-	-
Total	347,249	258,260	8,840	35,112
<u>Less</u> Investment in marketable securities-Net	(1,713)	(2,524)	-	-
Cash and Cash Equivalent Items	345,536	255,736	8,840	35,112

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28. Disclosure of Sectoral Business Operations

The Company's business operation relates to manufacture and distribution of sugar and molasses and also to offer leasing of space for office use and conduct its business in one geographical area namely Thailand.

Details of the sectoral business operation are as follows:-

Consolidated financial statements

For the nine-month periods ended on July 31, 2008 and 2007

	(Unit : Million Baht)																			
	Manufacture and Distribution of Sugar And Molasses						Manufacture and Distribution of Alcohol		Manufacture and Sale of Electricity		Real Estate Rental		Wheat Flour		Others		Inter-Transaction		Total	
	2008			2007			2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	Thai	Laos	Cambodia	Thai	Laos	Cambodia														
Net Sales and Service-Domestic	4,157	12	20	3,548	-	1	303	268	466	359	173	195	739	4	80	80	(1,818)	(1,317)	4,132	3,138
Net Sales and Service-Foreign	3,897	-	-	3,656	-	-	313	-	-	-	-	-	-	-	4	-	-	-	4,214	3,656
Total	8,054	12	20	7,204	-	1	616	268	466	359	173	195	739	4	84	80	(1,818)	(1,317)	8,346	6,794
Profit (loss) from Operation	879	(8)	(2)	943	(16)	(5)	63	49	178	168	71	85	90	(2)	3	(14)	(61)	(22)	1,213	1,186
Interest Expenses																			(155)	(140)
Corporate Income Tax																			(259)	(277)
Profit after Interest Expenses and Corporate Income Tax																			799	769
(Less) Net Profit of Minority Shareholders																			(91)	(50)
Net Profit of Khon Kaen Sugar Industry Public Company Limited																			708	719
Property, Plant and Equipment-Net as at July 31	6,300	356	1,049	4,330	75	157	320	344	905	821	1,021	1,018	439	431	356	349	(23)	(9)	10,723	7,516
Central Assets	5,522	140	707	5,277	86	155	140	395	106	149	202	114	437	196	540	635	(1,039)	(1,215)	6,755	5,792
Total Assets as at July 31	11,822	496	1,756	9,607	161	312	460	739	1,011	970	1,223	1,132	876	627	896	984	(1,062)	(1,224)	17,478	13,308

29. Obligations and Contingent Liabilities

As at July 31, 2008 and October 31, 2007, apart from liabilities reflected in the balance sheets, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

29.1 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 3,795.50 million and Baht 2,230.94 million respectively and as in the separate financial statements for Baht 2,736.83 million and Baht 1,731.46 million respectively.

29.2 The Company and three subsidiary companies had issued post-dated cheques to farmers to purchase cane. 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 as follows:-

(Unit : Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
For the production season 2007/2008	-	452.21	-	47.18
For the production season 2008/2009	299.63	-	29.29	-

29.3 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 as at July 31, 2008 of Baht 11,758.40 million and USD 3.00 million and as at October 31, 2007, with the limits of Baht 6,452.31 million respectively and in the separate financial statements as at July 31, 2008, of Baht 4,547.02 million and USD 3.00 million and as at October 31, 2007 of Baht 2,058.00 million respectively. These credit lines were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of construction as collaterals. The Company and its subsidiary companies offered their cross-guarantee and the subsidiary companies' directors also participated in guarantee against the credit facilities. Furthermore when the particular credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.

29.4 The Company and the three subsidiary companies had issued cheques as guarantee for abiding by the regulations to the Office of the Cane and Sugar Fund as follows:-

(Unit : Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
For the production season 2004/2005	-	79.56	-	42.98

29.5 A subsidiary company entered into a sale-purchase contract 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.

29.6

Consolidated financial statements

As at

	<u>July 31, 2008</u>		<u>October 31, 2007</u>	
	<u>Million USD</u>	<u>Million Baht</u>	<u>Million USD</u>	<u>Million Baht</u>
Letters of Credits used	15.92	890.07	-	-
Letters of Guarantees used	-	64.86	1.73	1.73

29.7 In the consolidated and the separate financial statements, the Company and its subsidiary companies have obligation with bank in credit facility agreement for unutilized credit facilities, which the Company and its subsidiary companies pledged land together with constructions, machinery, electricity generating equipment, and goods as collateral, as follows:-

Consolidated financial statements

As at

	<u>July 31, 2008</u>		<u>October 31, 2007</u>	
	<u>Million USD</u>	<u>Million Baht</u>	<u>Million USD</u>	<u>Million Baht</u>
Letter of Credit	1.00	374.43	-	292.00
Forward Contracts	84.18	502.71	29.00	200.00
Letters of Guarantees	-	60.47	-	46.89
Packing Credit	-	1,548.80	-	1,720.92
Aval	-	30.00	-	30.00

Separate financial statements

As at

	<u>July 31, 2008</u>		<u>October 31, 2007</u>
	<u>Million USD</u>	<u>Million Baht</u>	<u>Million Baht</u>
Letter of Credit	1.00	30.00	30.00
Forward Contracts	10.00	333.00	-
Letters of Guarantees	-	25.00	25.00

Apart from these, the Company entered into an agreement to guarantee for the debt payment of the subsidiary companies for every type of debt that may occur in the future with a commercial bank at the total limit of Baht 4,564.05 million and USD 56.20 million as at July 31, 2008 and Baht 2,945.00 million and USD 9.00 million as at October 31, 2007.

- 29.8 The Company and six subsidiary companies have remaining obligations under the various contracts as follows: -

(Unit : Million)

<u>Consolidated financial statements</u>					
<u>As at</u>					
	<u>Currency</u>	<u>July 31, 2008</u>		<u>October 31, 2007</u>	
		<u>Contractual Amount</u>	<u>Outstanding Contractual Obligation</u>	<u>Contractual Amount</u>	<u>Outstanding Contractual Obligation</u>
Construction and Subcontract Agreements	Baht	1,927.68	1,293.12	437.29	35.02
	USD	7,336.18	3,298.18	-	-
	KHR	136.82	41.06	-	-
Machine and Equipment Purchase Agreements	Baht	546.01	519.23	-	-
	USD	5.59	2.77	-	-
Machine Uninstallation Agreement	Baht	57.48	20.19	-	-

- 29.9 As at July 31, 2008 and October 31, 2007, a subsidiary company entered into an agreement to purchase forward organic cane with an organic farmers group to rehabilitate 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 the price not less than the initial price as announced the Cane and Sugar Board and to deliver the cane in season 2007/2008. As at July 31, 2008, there is remaining obligations under the contracts at 2,564.65 metric ton.

30. Other Significant Information

- 30.1 On February 16, 2006, Savannkhet Sugar Corporation, which is a subsidiary company, entered into a contract to develop area in the Lao People's Democratic Republic with the government of that country to be used is the subsidiary company's office, 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. By the third quarter of 2008, the subsidiary company has already utilised the area of 2,304.11 hectares and paid the contractual fee for the used area at USD 28,389.36 or at the rental price of USD 6 per hectare per annum.

- 30.2 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 have entered into the memorandum of understanding with the government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar mill 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 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.
- 30.3 In accordance with the minutes of the annual general shareholders' meeting No.1/2551 held on February 28, 2008, authority is given for issuance and proposal for sale of debt instruments (including but not limited to the debenture, short-term debenture and short-term promissory note) 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 million with the following conditions:-
- 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).
 - Currency : Thai Baht currency or equivalent foreign currency using exchange rate at each time of issuance.
 - Proposed sale value : Principal amount of issued debt instruments must not be more than Baht 10,000 million at any time. The calculation of the maximum principal of the debt instrument which the Company can issue and place for sale at any time shall include the principal of the Company's debt instrument which has not been redeemed but shall not include the principal of the Company's debt instrument which has already been redeemed.
 - The maturity period : Should not be more than 20 years.
 - Sales method : Placement to the general investors, major investors or corporate investors in Thailand and/or overseas according to the announcement of the Securities and Exchange Commission and/or the announcement of the office of the Securities and Exchange Commission and/or other related regulations which are in effect at the time of the debt instrument's issuance and offer for sales.

In the third quarter of 2008, the Company has partially issued the debt instruments as mentioned in the notes to financial statements Nos. 19 and 22.

31. Financial Instruments

Policy to Manage Financial Risk

The Company and its subsidiary companies possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company and its subsidiary companies will consider to 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 and its subsidiary companies operating results and cash flows. However, the group companies manage the risk from the interest rate by applying various methods including the appropriate allocation of the loan with the fixed and floating interest rates and consistent with the activities of the group companies.

Risk on Exchange Rate

Risks on exchange rates for the Company and its subsidiary companies mainly involve with sales of goods and import of machine made in foreign currencies. As at July 31, 2008 and October 31, 2007, 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 :-

(Unit : million)

<u>Currencies</u>	<u>Consolidated financial statements</u>				<u>Separate financial statements</u>			
	<u>As at</u>		<u>As at</u>		<u>As at</u>		<u>As at</u>	
	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>	<u>July 31, 2008</u>	<u>October 31, 2007</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Us. Dollar	16.36	4.71	6.01	4.27	0.70	0.32	1.29	0.53
Yen	-	14.69	-	14.69	-	-	-	-
Riel	546.22	41.14	-	-	-	-	-	-

As at July 31, 2008, and October 31, 2007, the subsidiary companies conducted forward purchase and sale contracts with the commercial banks to hedge against exchange rate risk from debt receive and repayment denominated in foreign currency. The subsidiary companies have not recorded such financial liability in the financial statements. The due date for payment of the forward contracts already committed has outstanding period of not more than 6 months with the following details :-

(Unit : '000)

	<u>Currencies</u>	<u>Consolidated financial statement</u>	
		<u>As at</u>	
		<u>July 31, 2008</u>	<u>October 31, 2007</u>
Contracted Amount	USD	2,899	2,261
Resulted Amount under Contract	Baht	90,886	76,524
Fair Value	Baht	90,854	76,623

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 related companies and other accounts receivable. 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 and its subsidiary companies management believes such financial assets and liabilities are presented in value not materially different from relevant fair value. The fair value of debentures is shown in the note to financial statements No. 22.

32. Comparative Data of Balance Sheet as at July 31, 2008 and 2007

To facilitate the users of these financial statements in comparing the information for the business with definite seasonal fluctuation, the Company is presents the comparative financial data as at July 31, 2008 and 2007 as follows: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at July 31,</u>		<u>As at July 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash Equivalent Items	345,536	255,736	8,840	35,112
Short-Term Investments	1,713	2,524	-	-
Trade Accounts and Notes Receivable-Net	611,931	326,509	156,561	93,149
Trade Accounts and Notes Receivable-Subsidiary and Related Companies	4,125	3,707	114,818	7,135
Farmer Accounts Receivable-Net	35,472	49,846	-	-
Short-Term Loans due from Subsidiary Person and Related Companies	252,808	231,164	2,600	262,600
Loan Receivables for Cane Plantation Promotion	18,718	8,735	-	-
Short-Term Loans due from Farmers	267,740	361,575	62,129	69,870
Inventories-Net	3,179,163	3,174,822	1,596,868	1,769,346
Real Estate Development Cost	47,815	40,932	-	-
Machine Maintenance Supplies	291,724	196,759	101,760	86,476
Other Account Receivable-Company Claim from Insurance Company	-	15,786	-	-
Other Accounts Receivable-Cane Value and Compensation for Production and Distribution of Sugar	432,611	512,723	259,733	266,760
Share Subscriptions Receivable-Related Parties	160,356	23,583	-	-
Other Current Assets	152,381	71,489	49,083	57,564
TOTAL CURRENT ASSETS	5,802,093	5,275,890	2,352,392	2,648,012
NON-CURRENT ASSETS				
Investments in Subsidiary and Associated Companies-Net	58,490	33,446	3,762,612	2,305,905
Other Long-Term Investments-Net	95,034	81,686	58,584	49,735
Deferred Cane Plantation Cost-Net	306,094	127,376	17,401	16,702
Property, Plant and Equipment-Net	10,723,232	7,516,192	2,956,945	2,317,807
Land not used in Operation-Net	134,544	139,600	98,282	98,930
Other Receivables-Compensation for Sugar Production and Distribution	244,953	-	132,770	-
Loans for Cane Plantation Development-Net	91,902	121,506	-	-
Obligated Fixed Deposits	5,777	7,539	5,577	5,339
Other Non-Current Assts	15,898	4,433	151	398
TOTAL NON-CURRENT ASSETS	11,675,924	8,031,778	7,032,322	4,794,816
TOTAL ASSETS	17,478,017	13,307,668	9,384,714	7,442,828

Unaudited
Limited Review Only

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at July 31,</u>		<u>As at July 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Bank Overdrafts and Short-Term Loans due to Financial Institution	1,464,479	1,346,039	360,975	351,734
Other Short-Term Loans-Net	1,741,271	1,664,923	1,741,271	1,664,923
Trade Accounts and Notes Payable	461,012	171,050	185,988	104,564
Trade Accounts and Notes Payable-Subsidiary and Related Companies	5	-	141,406	142,378
Current Portion of Long-Term Loans	243,123	212,000	32,000	112,000
Short-Term Loans due to Subsidiary Companies	-	1,000	-	474,000
Payables for Share Subscriptions-Subsidiary Companies	-	-	131,875	-
Accrued Corporate Income Tax	106,351	113,649	19,587	2,834
Advance Received from Customers for Goods	165,854	128,464	30,207	38,981
Accrued Stabilization Function Payment	22,822	87,932	11,337	43,231
Accrued Manufacturing Expenses	300,860	282,352	181,054	117,319
Accrued Fee Payable to Cane and Sugar Fund	193,858	8,331	79,233	3,410
Other Accrued Expense	58,088	41,344	41,809	12,529
Other Accounts Payable	258,588	277,266	17,607	60,484
Other Current Liabilities	88,469	104,211	13,229	11,301
TOTAL CURRENT LIABILITIES	5,104,780	4,438,561	2,987,578	3,139,688
NON-CURRENT LIABILITIES				
Debentures-Net	1,495,977	-	1,495,977	-
Long-Term Loans-net from Current Portion	505,437	1,139,559	-	32,000
Other Non-Current Liabilities	25,971	27,622	11,301	9,873
TOTAL NON-CURRENT LIABILITIES	2,027,385	1,167,181	1,507,278	41,873
TOTAL LIABILITIES	7,132,165	5,605,742	4,494,856	3,181,561
Unaudited				
Limited Review Only				

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at July 31,</u>		<u>As at July 31,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
SHAREHOLDERS' EQUITY				
Share Capital				
Authorized Share Capital				
1,705,000,000 Ordinary Shares @ Baht 1.00 Par	1,705,000	-	1,705,000	-
1,600,000,000 Ordinary Shares @ Baht 1.00 Par	-	1,600,000	-	1,600,000
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Issued and Paid-Up Share Capital				
1,550,000,000 Ordinary Shares @ Baht 1.00 Par	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	1,335,007	763,241	1,335,007	763,241
Revaluation Surplus on Assets-Subsidiary Companies	137,098	141,341	-	-
Surplus from Internal Restructure of Entities under Common Control	1,911,858	1,029,812	-	-
Surplus from Change in Shareholding Ration in Subsidiary Companies	36,068	16,358	-	-
Unrealized Gain on Available for Sale Securities	2,132	2,958	2,837	3,554
Accumulated Result of Foreign Currency Translation Adjustment	(5,507)	(589)	-	-
Retained Earnings				
Appropriated				
Legal Reserve	144,120	121,120	144,120	121,120
Unappropriated	1,761,063	1,300,081	303,277	268,735
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TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	8,426,456	6,478,939	4,889,858	4,261,267
Minority Shareholders' Equity	1,919,396	1,222,987	-	-
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TOTAL SHAREHOLDERS' EQUITY	10,345,852	7,701,926	4,889,858	4,261,267
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17,478,017	13,307,668	9,384,714	7,442,828
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33. Approval of Financial Statements

These financial statements have been approved for issuance by the Company's Audit Committee on September 11, 2008.