

**(TRANSLATION)**  
**AUDITOR'S REPORT**

To the Shareholders of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the Company balance sheet as at October 31, 2005, the related consolidated and the Company statement of income, changes in shareholders' equity and cash flow for the year ended on October 31, 2005 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and 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 express an opinion on these financial statements based on my audit. The comparative financial statements for the year ended on October 31, 2004 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only were audited by another auditor in the same firm who gave a qualified opinion relating to non-observation of the inventory counting as at the end of the 2002 accounting year as reported on November 26, 2004.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and the Company financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial conditions as at October 31, 2005, the consolidated and the Company operating results and the consolidated and the Company cash flows for the year ended on October 31, 2005 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant Registration No. 4664

Bangkok

December 23, 2005

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

## BALANCE SHEETS

As at October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash at Financial Institutions	161,609,167.65	331,867,295.22	15,460,540.86	51,027,050.18
Short-Term Investments	107,091,750.00	166,500,000.00	-	-
Trade Accounts and Notes Receivable (Note 6)	123,794,556.37	134,353,014.37	76,413,688.97	100,003,445.43
Trade Accounts and Notes Receivable - Subsidiary and Related Companies (Notes 5.1,7)	1,309,401.21	2,550,616.79	13,218.41	7,955,289.13
Farmer Accounts Receivable -Net (Note 8)	41,913,158.96	39,003,449.38	-	-
Short-Term Loans due from Other Company	-	2,796,000.00	-	2,796,000.00
Short-Term Loans due from Subsidiary Companies, Related Party and Related Companies (Note 5.1)	130,048,798.61	122,321,669.51	5,521,248.61	25,738,469.51
Short-Term Loans due from Farmers (Note 9)	452,781,472.00	300,382,166.23	183,158,605.00	43,886,686.23
Inventories (Note 10)	857,158,131.34	652,871,520.50	564,562,264.71	351,894,809.83
Supplies-Net (Note 11)	213,484,055.88	180,634,864.36	126,443,267.44	89,303,775.04
Other Current Assets	41,247,228.58	68,140,263.54	6,142,479.88	43,177,829.51
<b>TOTAL CURRENT ASSETS</b>	<b>2,130,437,720.60</b>	<b>2,001,420,859.90</b>	<b>977,715,313.88</b>	<b>715,783,354.86</b>
NON-CURRENT ASSETS				
Investments under Equity Method (Note 12)	48,974,928.76	48,746,740.63	2,289,252,903.29	1,778,898,571.09
Other Long-Term Investments-Net (Note 13)	78,926,384.05	78,882,829.80	51,702,651.20	51,628,346.86
Investment Property-Net (Note 14)	78,675,754.53	-	-	-
Property, Plant and Equipment-Net (Note 15)	5,804,257,539.57	5,366,973,912.21	2,156,714,070.64	2,008,923,125.08
Land not used in Operation (Note 15)	337,631,308.79	337,631,308.79	301,280,762.87	301,280,762.87
Loans for Cane Plantation Development (Note 16)	109,182,300.55	67,116,672.88	-	-
Obligated Fixed Deposits	5,159,592.30	35,134,108.83	5,159,592.30	35,134,108.83
Other Non-Current Assets	26,751,408.43	21,256,232.40	2,807,233.06	2,700,808.16
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,489,559,216.98</b>	<b>5,955,741,805.54</b>	<b>4,806,917,213.36</b>	<b>4,178,565,722.89</b>
<b>TOTAL ASSETS</b>	<b>8,619,996,937.58</b>	<b>7,957,162,665.44</b>	<b>5,784,632,527.24</b>	<b>4,894,349,077.75</b>

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

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

## BALANCE SHEETS

As at October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	2005	2004	2005	2004	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to					
Financial Institutions	(Note 17)	342,192,726.13	446,094,524.12	125,000,000.00	94,824,692.68
Trade Accounts and Notes Payable	(Note 18)	284,133,220.01	358,032,603.35	213,726,650.08	231,136,535.40
Trade Accounts and Notes Payable-Subsidiary Companies	(Note 5.1)	-	-	13,225,440.03	49,949,678.95
Current Portion of Long-Term Loans	(Note 21)	148,600,000.00	148,600,000.00	120,000,000.00	120,000,000.00
Loans due to Subsidiary, Associated and Related Companies	(Note 5.1)	-	-	185,000,000.00	135,000,000.00
Short-Term Debenture	(Note 19)	-	-	-	-
Accrued Corporate Income Tax		69,449,681.42	66,531,784.09	36,242,082.21	57,583,178.66
Advance Received from Customers for Goods		57,150,362.38	62,307,772.59	33,905,135.97	9,372,718.51
Accrued Stabilization Function Payment	(Note 20)	41,881,818.66	21,417,078.54	21,964,997.68	10,725,746.12
Other Accrued Expenses		63,737,717.01	47,202,644.65	21,734,496.93	13,935,845.94
Other Accounts Payable		152,343,704.32	168,411,746.66	57,931,266.55	47,801,085.68
Other Current Liabilities		35,855,772.39	41,917,669.82	6,902,818.07	18,938,251.82
TOTAL CURRENT LIABILITIES		1,195,345,002.32	1,360,515,823.82	835,632,887.52	789,267,733.76
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 21)	159,796,120.00	181,600,000.00	35,000,000.00	155,000,000.00
Other Non-Current Liabilities		25,092,965.50	22,899,148.00	10,299,575.00	7,449,402.00
TOTAL NON-CURRENT LIABILITIES		184,889,085.50	204,499,148.00	45,299,575.00	162,449,402.00
TOTAL LIABILITIES		1,380,234,087.82	1,565,014,971.82	880,932,462.52	951,717,135.76

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

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

## BALANCE SHEETS

As at October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
SHAREHOLDERS' EQUITY				
Share Capital	(Note 22)			
Authorized Share Capital :				
1,600,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,600,000,000.00	1,600,000,000.00	1,600,000,000.00	1,600,000,000.00
Issued and Paid-Up Share Capital				
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value	1,550,000,000.00	-	1,550,000,000.00	-
1,270,462,080 Ordinary Shares @ Baht 1.00 Par Value	-	1,270,462,080.00	-	1,270,462,080.00
Premium on Share Capital	1,554,617,243.34	670,462,080.00	1,554,617,243.34	670,462,080.00
Revaluation Surplus on Assets-Parent Company	(Note 15) 1,022,371,532.28	1,080,481,348.62	1,022,371,532.28	1,080,481,348.62
Revaluation Surplus on Assets-Subsidiary Companies	(Note 15) 149,242,152.59	153,611,606.77	149,242,152.59	153,611,606.77
Surplus from Internal Restructure of Entities under Common Control	(Note 23) 1,239,145,226.67	1,368,335,755.16	-	-
Unrealized Gain on Available for Sale Securities	2,416,667.36	2,444,928.30	2,416,667.36	2,444,928.30
Retained Earnings	(Note 24)			
Appropriated				
Legal Reserve	90,920,000.00	38,100,000.00	90,920,000.00	38,100,000.00
Unappropriated	534,132,469.15	727,069,898.30	534,132,469.15	727,069,898.30
<b>TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY</b>	<b>6,142,845,291.39</b>	<b>5,310,967,697.15</b>	<b>4,903,700,064.72</b>	<b>3,942,631,941.99</b>
Minority Shareholders' Equity	1,096,917,558.37	1,081,179,996.47	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,239,762,849.76</b>	<b>6,392,147,693.62</b>	<b>4,903,700,064.72</b>	<b>3,942,631,941.99</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8,619,996,937.58</b>	<b>7,957,162,665.44</b>	<b>5,784,632,527.24</b>	<b>4,894,349,077.75</b>

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

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

## INCOME STATEMENTS

For the Year ended on October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
REVENUES FROM OPERATION				
Sales and Services	5,213,288,423.89	5,573,474,706.58	3,118,253,395.25	3,748,755,850.71
Rental Income	33,242,456.82	32,340,486.48	30,051,061.31	28,244,235.48
Revenue from Sales of Electricity	33,629,057.44	2,404,173.57	19,558,987.73	-
Revenue from Sales of Gasoline and Cane Harvest	106,800,500.02	132,686,606.38	37,583,503.82	52,427,377.68
Revenue from Sales of Fertilizer	46,492,217.50	19,974,297.19	39,042,730.00	16,901,215.00
Gain from Sales of Assets	404,911.88	43,668,532.20	-	45,717,935.31
Gain from Sales of General Investments (Note 5.2)	-	77,399,798.54	-	21,030,000.00
Participating Profit from Investments under Equity Method	356,188.13	86,740.63	166,752,931.26	306,654,699.65
Other Income	98,250,130.28	175,245,851.45	43,665,344.45	94,487,195.96
TOTAL REVENUES	5,532,463,885.96	6,057,281,193.02	3,454,907,953.82	4,314,218,509.79
EXPENSES FROM OPERATION				
Cost of Sales and Services	4,045,508,504.36	4,355,833,612.59	2,428,835,219.52	3,067,277,417.14
Other Cost of Sales	121,888,368.60	134,655,906.54	73,007,318.17	69,584,166.87
Selling and Administrative Expenses	549,792,930.09	633,676,814.49	300,760,335.96	434,410,371.92
Directors' Remuneration	29,301,600.00	22,426,020.00	5,580,000.00	4,543,180.00
TOTAL EXPENSES	4,746,491,403.05	5,146,592,353.62	2,808,182,873.65	3,575,815,135.93
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	785,972,482.91	910,688,839.40	646,725,080.17	738,403,373.86
INTEREST EXPENSES	(42,146,422.52)	(38,627,908.31)	(31,696,426.69)	(18,592,672.43)
CORPORATE INCOME TAX (Note 25)	(193,851,263.40)	(167,411,570.23)	(119,915,042.63)	(126,663,217.10)
NET PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	549,974,796.99	704,649,360.86	495,113,610.85	593,147,484.33
LESS PARENT COMPANY'S NET PROFIT BEFORE ACQUISITION OF SHARES	-	(23,690,434.91)	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(54,861,186.14)	(87,811,441.62)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED	495,113,610.85	593,147,484.33	495,113,610.85	593,147,484.33
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED	0.34	0.52	0.34	0.52
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (UNIT : SHARE)	1,458,097,122	1,130,779,656	1,458,097,122	1,130,779,656

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

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

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Year ended on October 31, 2005 and 2004

**CONSOLIDATED**

(Unit : Baht)

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Surplus from Internal Restructure of Entities under Common Control	Unrealized Gain (Loss) on Available for Sale Securities	Retained Earnings		Minority Shareholders' Equity	TOTAL
							Appropriated Legal Reserve	Unappropriated		
Balance as at October 31, 2003	900,000,000.00	300,000,000.00	404,343,670.45	-	-	2,457,017.21	24,100,000.00	327,922,413.97	230,236,952.25	2,189,060,053.88
Increase in Surplus from Internal Restructure of Entities under Common Control	-	-	-	-	1,368,335,755.16	-	-	-	-	1,368,335,755.16
Revaluation Surplus on Assets increase during the Period	-	-	722,962,933.59	155,072,081.66	-	-	-	-	-	878,035,015.25
Depreciation-Revaluation Surplus on Assets	-	-	(46,825,255.42)	(1,460,474.89)	-	-	-	-	-	(48,285,730.31)
Unrealized Loss on Available for Sale Securities	-	-	-	-	-	(12,088.91)	-	-	-	(12,088.91)
Unrealized Transaction in Income Statements	900,000,000.00	300,000,000.00	1,080,481,348.62	153,611,606.77	1,368,335,755.16	2,444,928.30	24,100,000.00	327,922,413.97	230,236,952.25	4,387,133,005.07
Capital increase	370,462,080.00	370,462,080.00	-	-	-	-	-	-	-	740,924,160.00
Dividend Paid	-	-	-	-	-	-	-	(180,000,000.00)	-	(180,000,000.00)
Legal Reserve	-	-	-	-	-	-	14,000,000.00	(14,000,000.00)	-	-
Net Profit for the Year	-	-	-	-	-	-	-	593,147,484.33	87,811,441.62	680,958,925.95
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	763,131,602.60	763,131,602.60
Balance as at October 31, 2004	1,270,462,080.00	670,462,080.00	1,080,481,348.62	153,611,606.77	1,368,335,755.16	2,444,928.30	38,100,000.00	727,069,898.30	1,081,179,996.47	6,392,147,693.62
Unrealized Loss on Available for Sale Securities	-	-	-	-	-	(28,260.94)	-	-	-	(28,260.94)
Depreciation-Revaluation Surplus on Assets	-	-	(58,109,816.34)	(4,369,454.18)	-	-	-	-	-	(62,479,270.52)
Decrease in Surplus from Internal Restructure of Entities under Common Control (Note 23)	-	-	-	-	(129,190,528.49)	-	-	-	-	(129,190,528.49)
Unrealized Transaction in Income Statements	1,270,462,080.00	670,462,080.00	1,022,371,532.28	149,242,152.59	1,239,145,226.67	2,416,667.36	38,100,000.00	727,069,898.30	1,081,179,996.47	6,200,449,633.67
Capital increase (Note 22)	279,537,920.00	884,155,163.34	-	-	-	-	-	-	-	1,163,693,083.34
Dividend Paid (Note 24)	-	-	-	-	-	-	-	(635,231,040.00)	-	(635,231,040.00)
Legal Reserve (Note 24)	-	-	-	-	-	-	52,820,000.00	(52,820,000.00)	-	-
Net Profit for the Year	-	-	-	-	-	-	-	495,113,610.85	-	495,113,610.85
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	15,737,561.90	15,737,561.90
Balance as at October 31, 2005	1,550,000,000.00	1,554,617,243.34	1,022,371,532.28	149,242,152.59	1,239,145,226.67	2,416,667.36	90,920,000.00	534,132,469.15	1,096,917,558.37	7,239,762,849.76

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

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

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the Year ended on October 31, 2005 and 2004**

**THE COMPANY ONLY**

**(Unit : Baht)**

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Unrealized Gain (Loss) on Available for Sale Securities	Retained Earnings		TOTAL
						Appropriated Legal Reserve	Unappropriated	
Balance as at October 31, 2003	900,000,000.00	300,000,000.00	404,343,670.45	-	2,457,017.21	24,100,000.00	327,922,413.97	1,958,823,101.63
Revaluation Surplus on Assets increase during the Period	-	-	722,962,933.59	155,072,081.66	-	-	-	878,035,015.25
Depreciation-Revaluation Surplus on Assets	-	-	(46,825,255.42)	(1,460,474.89)	-	-	-	(48,285,730.31)
Unrealized Loss on Available for Sale Securities	-	-	-	-	(12,088.91)	-	-	(12,088.91)
Unrealized Transaction in Income Statements	900,000,000.00	300,000,000.00	1,080,481,348.62	153,611,606.77	2,444,928.30	24,100,000.00	327,922,413.97	2,788,560,297.66
Capital increase	370,462,080.00	370,462,080.00	-	-	-	-	-	740,924,160.00
Dividend Paid	-	-	-	-	-	-	(180,000,000.00)	(180,000,000.00)
Legal Reserve	-	-	-	-	-	14,000,000.00	(14,000,000.00)	-
Net Profit for the Year	-	-	-	-	-	-	593,147,484.33	593,147,484.33
Balance as at October 31, 2004	1,270,462,080.00	670,462,080.00	1,080,481,348.62	153,611,606.77	2,444,928.30	38,100,000.00	727,069,898.30	3,942,631,941.99
Unrealized Loss on Available for Sale Securities	-	-	-	-	(28,260.94)	-	-	(28,260.94)
Depreciation-Revaluation Surplus on Assets	-	-	(58,109,816.34)	(4,369,454.18)	-	-	-	(62,479,270.52)
Unrealized Transaction in Income Statements	1,270,462,080.00	670,462,080.00	1,022,371,532.28	149,242,152.59	2,416,667.36	38,100,000.00	727,069,898.30	3,880,124,410.53
Capital increase (Note 22)	279,537,920.00	884,155,163.34	-	-	-	-	-	1,163,693,083.34
Dividend Paid (Note 24)	-	-	-	-	-	-	(635,231,040.00)	(635,231,040.00)
Legal Reserve (Note 24)	-	-	-	-	-	52,820,000.00	(52,820,000.00)	-
Net Profit for the Year	-	-	-	-	-	-	495,113,610.85	495,113,610.85
Balance as at October 31, 2005	1,550,000,000.00	1,554,617,243.34	1,022,371,532.28	149,242,152.59	2,416,667.36	90,920,000.00	534,132,469.15	4,903,700,064.72

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



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

## CASH FLOW STATEMENTS

For the Year ended on October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit	495,113,610.85	593,147,484.33	495,113,610.85	593,147,484.33
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities:-				
Doubful Accounts (Reversal) - Farmer Accounts Receivable	316,499.13	2,610,786.10	-	(2,347,511.92)
Doubful Accounts - Advance Payments	250,000.00	-	-	-
Loss on withholding tax not applied for refund	357,963.61	-	-	-
Depreciation	161,759,273.70	137,324,761.01	91,598,641.00	92,422,884.27
Amortization of Leasehold Right	899,290.70	1,116,623.97	899,290.70	1,116,623.97
Amortization of Premium on Bond	75,370.06	15,309.69	59,140.66	8,633.52
Loss on Cessation of Using Fixed Assets	-	23,812,743.25	-	23,812,743.25
Loss on Revaluation of Assets	-	25,637,125.13	-	24,891,249.77
Loss on Impairment of Investment in Other Company (Reversal)	-	(1,477,321.60)	-	(1,424,856.28)
Loss on Donation of Assets	3,706.57	-	-	-
Gain on Sales of Assets	(404,911.88)	(4,766,249.89)	-	(6,815,653.00)
Gain on Received Land as Repayment from Farmer Accounts Receivable	(843,805.53)	-	-	-
Gain from Sales of Assets not used in Operation	-	(38,902,282.31)	-	(38,902,282.31)
Gain on Sales of Short-Term Investments	(234,477.79)	-	-	-
Gain from Sales of General Investments	-	(77,399,798.54)	-	(21,030,000.00)
Unrealized (Gain) Loss on Exchange Rate	(25,218.60)	(743,827.86)	37,314.97	(821,699.15)
Equity Participation of Subsidiaries before Share Acquisition	-	(1,402,496.42)	-	-
Participating Profit from Investments under Equity Method	(356,188.13)	(86,740.63)	(166,752,931.26)	(306,654,699.65)
Net Profit of Subsidiary Companies before Net Share Acquisition from				
Subsidiaries' Equity	-	(21,041,590.70)	-	-
Net Profit of Subsidiary Companies belonging to Parent Company before Share Acquisition	-	23,690,434.91	-	-
Net Profit of Minority Shareholders	54,861,186.14	87,811,441.62	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	711,772,298.83	749,346,402.06	420,955,066.92	357,402,916.80

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

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

## CASH FLOW STATEMENTS

For the Year ended on October 31, 2005 and 2004

	(Unit : Baht)			
	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
(Increase)Decrease in Trade Accounts and Notes Receivable	10,546,361.63	61,074,010.15	23,589,756.46	345,352.34
(Increase)Decrease in Trade Accounts and Notes Receivable- Subsidiary and Related Companies	1,241,215.58	908,979,610.92	(48,794,199.86)	(311,837,343.28)
(Increase)Decrease in Farmer Accounts Receivable	(4,426,990.18)	36,543,478.63	-	(1,270,592.65)
(Increase)Decrease in Inventories	(204,286,610.84)	618,373,095.61	(212,667,454.88)	184,043,587.25
(Increase)Decrease in Supplies	(32,849,191.52)	94,506,885.21	(37,139,492.40)	101,529,788.16
(Increase)Decrease in Other Current Assets	26,285,071.35	57,548,217.41	37,035,349.63	19,536,587.53
(Increase)Decrease in Other Non-Current Assets	(6,394,466.73)	(10,656,812.12)	(1,005,715.60)	(14,833,416.29)
Increase(Decrease) in Trade Accounts and Notes Payable	(73,899,383.34)	(282,368,580.58)	(17,409,885.32)	26,264,035.89
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary Companies	-	(948,859,188.85)	20,012,031.66	327,614,278.65
Increase(Decrease) in Accrued Corporate Income Tax	2,917,897.33	(26,609,534.00)	(21,341,096.45)	14,054,577.26
Increase(Decrease) in Advance Received from Customers for Goods	(5,120,095.24)	(45,726,176.95)	24,495,102.49	(42,350,795.21)
Increase(Decrease) in Accrued Stabilization Function Payment	20,464,740.12	(96,635,402.23)	11,239,251.56	(49,886,445.68)
Increase(Decrease) in Accrued Compensation Expense to Government Agency	-	(21,261,000.00)	-	(21,261,000.00)
Increase(Decrease) in Other Current Liabilities	(5,594,867.41)	(832,719.46)	5,893,398.11	4,236,324.03
Increase(Decrease) in Other Non-Current Liabilities	2,193,817.50	272,440.95	2,850,173.00	812,060.95
Net Cash Received (Used) from Operating Activities	442,849,797.08	1,093,694,726.75	207,712,285.32	594,399,915.75
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Short-Term Investments	46,863,861.54	(36,546,269.30)	-	-
(Increase)Decrease in Short-Term Loans due from Other Companies	2,796,000.00	(2,796,000.00)	2,796,000.00	(2,796,000.00)
(Increase)Decrease in Loans due from Subsidiary companies, Related Party and Related Companies	(7,727,129.10)	36,208,185.64	20,217,220.90	(17,822,512.77)
(Increase)Decrease in Short-Term Loans due from Farmers	(152,399,305.77)	(92,852,922.25)	(139,271,918.77)	2,197,284.00
Purchase of Investments in Subsidiary and Associated Companies	-	(32,000,000.00)	(418,468,320.00)	(156,442,474.67)
Net Cash Received from Purchasing Investments in Subsidiary Companies	-	52,751,704.10	-	-
Dividened Received from Investments in Subsidiary and Associated Companies	128,000.00	-	70,335,758.94	262,825.80
Purchase of General Investment	(385,479.31)	(18,237,550.69)	-	(35,104,406.58)
Cash Received from Selling General Investment	-	179,998,509.66	-	85,064,698.10
Purchase of Investment Property	(80,505,652.00)	-	-	-
Purchase of Property, Plant and Equipment	(816,295,454.76)	(407,637,397.49)	(297,499,402.90)	(257,970,519.67)
Cash Received from Selling Property, Plant and Equipment	905,332.71	60,463,641.20	-	62,256,493.82
Purchase of Land not used in Operation	-	(51,499,355.43)	-	(51,499,355.43)
Cash Received from Selling Fixed Assets not used in Operation	-	81,019,136.31	-	81,019,136.31
(Increase)Decrease in Loans for Cane Plantation Development	(42,065,627.67)	(3,300,000.00)	-	-
(Increase)Decrease in Other Accounts Receivable-Related Companies	-	90,000,000.00	-	90,000,000.00
(Increase)Decrease in Obligated Fixed Deposits	29,974,516.53	109,949,634.27	29,974,516.53	109,949,634.27
Net Cash Received (Used) from Investing Activities	(1,018,710,937.83)	(34,478,683.98)	(731,916,145.30)	(90,885,196.82)

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

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

## CASH FLOW STATEMENTS

For the Year ended on October 31, 2005 and 2004

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2005	2004	2005	2004
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions	(103,901,797.99)	(272,877,838.75)	30,175,307.32	43,027,644.90
Increase(Decrease) in Loans due to Subsidiary, Associated and Related Companies	-	(90,000,000.00)	50,000,000.00	(182,000,000.00)
Increase(Decrease) in Short-Term Loans due to Directors and Shareholders	-	(471,831,000.00)	-	(452,531,000.00)
Repayment of Short-Term Loan due to Other Companies	-	(13,398,572.88)	-	(8,905,000.38)
Cash Received from Long-Term Loans	116,796,120.00	335,000,000.00	-	335,000,000.00
Repayment of Long-Term Loans	(138,600,000.00)	(60,000,000.00)	(120,000,000.00)	(60,000,000.00)
Cash Received from Capital Increase	1,163,693,083.34	-	1,163,693,083.34	-
Increase in Minority Shareholders' Equity from Increased Investment	-	1,225,000.00	-	-
Dividend Paid to Parent Company's Shareholders	(635,231,040.00)	(180,000,000.00)	(635,231,040.00)	(180,000,000.00)
Dividend Paid to Minority Shareholders	(9,653,352.17)	(848,174.00)	-	-
Net Cash Received (Used) from Financing Activities	393,103,013.18	(752,730,585.63)	488,637,350.66	(505,408,355.48)
Cash and Cash Equivalents Increase(Decrease) - Net	(182,758,127.57)	306,485,457.14	(35,566,509.32)	(1,893,636.55)
Cash and Cash Equivalents at the Beginning of the Period	446,367,295.22	144,881,838.08	51,027,050.18	52,920,686.73
Cash and Cash Equivalents at the Ending of the Period	(Note 26) 263,609,167.65	451,367,295.22	15,460,540.86	51,027,050.18

## Additional Disclosure :

## 1. Cash payment during the period

- Interest Expenses	42,795,522.63	38,534,032.72	31,783,412.99	20,938,409.46
- Corporate Income Tax	191,413,647.49	197,017,497.95	141,256,139.08	112,608,639.84

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

- In the consolidated financial statement, the Company written-off the surplus from internal restructure under common control at amount of Baht 129.19 million.
- In the consolidated and the Company's financial statement, the Company and its subsidiary companies amortize the depreciations of the revaluation surplus at amount of Baht 62.48 million.
- In the consolidated financial statement, the Company and its subsidiary companies recognized unrealized Loss on revaluation of available for sale securities amounting to Baht 0.03 million.
- The Company set off the inter sales-purchase of goods with 3 subsidiary companies at Baht 56.74 million.
- In the consolidated financial statement, a subsidiary company received land transferred from farmer account receivable as a repayment for debt at amount of Baht 2.04 million and reflected as gain on repayment from said debt at amount of Baht 0.84 million.

## 3. For the year ended on October 31, 2004, the Company and its subsidiaries have material items not affecting cash flow as follows: -

- The Company acquired investment in subsidiary companies at amount of Baht 740.92 million by swapping its common stocks for common stocks of the previous shareholders of the subsidiary companies.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies performed a re-valuation of property, plant and machineries, which resulted in the Company increased the asset value at amount of Baht 1,376.00 million and Baht 722.46 million respectively, decreased the asset value at the amount of Baht 25.26 million and Baht 24.89 million respectively and amortize the depreciation of the capital surplus in the period at amount of Baht 172.46 million and Baht 46.32 million respectively.
- In the consolidated financial statement, subsidiary companies performed a re-valuation of the property, plant and machineries prior to purchasing of the investment by the parent company at amount of Baht 1,737.87 million, which showed in the item-surplus from internal restructure of entities under common control, and amortize the depreciation of the revaluation surplus in the period at Baht 135.87 million.

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

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

## CASH FLOW STATEMENTS

For the Year ended on October 31, 2005 and 2004

(Unit : Baht)

Additional disclosure (Continued)

- In the consolidated and the Company's financial statements, the Company and 3 of its subsidiary companies had written-off the farmer accounts receivable, which anticipated no payments would be made, at amount of Baht 158.66 million and Baht 42.67 million respectively. The whole amount had been fully covered by allowance for doubtful debts set up in the year 2003.
- A related company transferred its asset to the Company at amount of Baht 182.46 million to repay loan in amount of Baht 158.59 million. The outstanding amount reflected as other account payable – related company in amount of Baht 23.87 million.
- The Company set off the inter-company sales-purchase of goods with 3 subsidiary companies at amount of Baht 447.52 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies recognized unrealized gain (loss) on available for sale securities at amount of Baht (0.33) million and Baht 0.17 million respectively.
- The Company purchased investment in subsidiary companies and general investments from a subsidiary companies at amount of Baht 309.93 million by issuing promissory notes in amount of Baht 300.00 million and a part at amount of Baht 9.93 million was paid in cash.
- In the consolidated financial statement, 3 subsidiary companies set off the withholding tax account anticipated not able to obtain a refund at amount of Baht 11.51 million, which the whole amount had been fully covered by the allowance for loss from unrefund withholding tax already set up.

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

- Cash and Cash Equivalents	54,847,488.42
- Trade Accounts and Notes Receivable	83,241,714.50
- Trade Accounts Receivable-Related Companies	761,217,877.89
- Farmer Accounts Receivable -Net	129,615,005.31
- Loans due from Farmers	177,422,760.00
- Loans due from Related Companies	151,204,452.00
- Inventories	819,614,405.40
- Other Current Assets	59,561,817.41
- Other Long-Term Investments	49,800,113.40
- Property, Plant and Equipment-Net	2,572,538,773.14
- Land not used in Operation	36,350,545.92
- Other Non-Current Assets	22,043,282.98
- Bank Overdrafts and Short-Term Loans from Financial Institutions	(666,873,691.29)
- Trade Accounts and Notes Payable	(434,230,826.70)
- Trade Accounts and Notes Payable-Related Companies	(779,008,062.27)
- Current Portion of Long-Term Loans	(28,600,000.00)
- Short-Term Loans due to Related Companies	(90,000,000.00)
- Short-Term Loans due to Directors	(2,300,000.00)
- Other Short-Term Loans	(4,493,572.50)
- Other Current Liabilities	(337,279,884.33)
- Long-Term Loans	(26,600,000.00)
- Surplus from Internal Restructure of Entities under Common Control	(1,463,371,514.22)
- Minority Shareholders' Equity	(295,784,249.66)
- Others	59,606,917.12
Total Acquire Price	848,523,352.52
<u>Less</u> Acquire of Net Investment with Swapped Common Shares	(740,924,160.00)
Cash and Cash Equivalents of Subsidiary Companies on the Acquisition Date	(54,847,488.42)
Cash Flow received on Acquisition of Net Investment	52,751,704.10

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

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARY COMPANIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2005 AND 2004**

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1. General Information

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 registered as a public company limited on March 18, 2004 with the registration number Bor Mor Jor 0107574700217. Its registered headquarter is located at 503 K.S.L.Tower, 9<sup>th</sup> Floor, Sriyudahaya 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. Information concerning its employees as of October 31, 2005 and 2004 is as follows:

	Consolidated		The Company Only	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Average Number of Employees during Production Season Period (Persons)	3,106	3,211	1,018	1,031
Average Number of Employees during Normal Period (Persons)	2,048	1,896	862	701
Employees Expenses (Million Baht)	487.95	481.72	174.19	167.76

2. Basis of Financial Statements Preparation

2.1 The consolidated and the Company financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which include already announced accounting standards by Accounting Profession Council under the Accounting Professions Act B.E. 2547 and in accordance with the determination of the Office of Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

2.2 The financial statements for the year ended on October 31, 2004 have been reclassified in order to facilitate comparative analysis with those of October 31, 2005.

3. Summary of Significant Accounting Policies

The Company and its subsidiary companies has significant accounting policies as follows:

3.1 Income from sales are recognized when goods are delivered.

3.2 Other revenues are recognized as follows:

3.2.1 Rental incomes are recognized according to rental period.

- 3.2.2 Revenues from selling fuel oil and cane harvest are recognized when goods have been delivered or service has already been rendered.
- 3.2.3 Interest received and discount received from discounting notes receivable are recognized according to the period.
- 3.2.4 Dividend is recognized when entitled to receive the dividend.
- 3.3 Expenses are recognized by accrual basis.
- 3.4 Cash equivalents includes saving account bank deposit, current account deposit and fixed deposits which are not exceeding 3 months duration with no obligation commitment.
- 3.5 Allowance for doubtful debt is considered of each respective account receivable anticipated of uncollectibility.
- 3.6 Inventories are recorded at cost (average method) or net realizable value whichever is lower and molasses, which are the by-product, are recorded at average net realizable value.
- 3.7 Supplies are shown at cost using the FIFO method.
- 3.8 Investments
  - 3.8.1 Investments in subsidiary and associated companies are recorded by equity method.
  - 3.8.2 Long-term investments, debt securities and marketable equity securities, are recorded as available for sale securities. They are stated at fair value. Change in the value of investment is reported in a separate component of shareholders' equity, and recorded in the income statement when disposes of the investment or when there is an indication of the impairment of investment.
  - 3.8.3 Long-term investments, which are non marketable equity securities, are recorded as general investments. They are stated at cost (Cost Method) and will be recorded in the income statement when disposes of the investment or when there is an indication of the impairment of investment.
- 3.9 Properties are stated at fair value, based on valuations by external independent appraisers. Revaluation are to be made at times to ensure that their carrying amount does not differ materially from their fair value. If within any year there are factors indicating a significant change in the value of assets, the revaluation will be performed in that year. Increase from reappraised value will be recorded as surplus from assets revaluation in shareholders' equity, and decrease from cost recorded as loss from revaluation of fixed assets in income statement.

- 3.10 Plant and equipment and recorded at cost less by accumulated depreciation and depreciation charge is made on straight-line method over their estimate useful lives as follows: -

Building and Constructions	20	years
Machinery and Equipment	5 - 15	years
Furniture and Office Equipment	5	years
Motor Vehicle	5	years

For the capital surplus from revaluation of the building and equipment, will amortize according to their remaining useful lives of such assets by amortize the capital surplus from revaluation of asset in the shareholders' equity against the accumulated depreciation of capital surplus from the asset revaluation.

Interest expense arisen from loans especially used for projects during construction and installment is included as cost of such work in process construction until it is completed to be use as intended.

- 3.11 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included as income or expenses in the income statement of the year.
- 3.12 Earnings or loss per share is calculated by dividing net profit or loss with the weighted average number of issued and paid-up shares existing during the accounting period.
- 3.13 Corporate income tax will be recognized as expense item whenever is liable to pay tax.
- 3.14 Financial assets reflected in the balance sheet include cash and cash at bank, trade accounts receivable, notes receivable and loan. Financial liabilities reflected in the balance sheet include bank overdraft, loan, trade accounts payable and notes payable. The particular accounting policy for each item is respectively disclosed in each related caption.

#### 4. Basis of Consolidation

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

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Holding</u>			
	<u>2005</u>	<u>2004</u>		
Thai Sugar Terminal Public Company Limited and its subsidiary companies.	23.82	23.82	Thailand	Warehousing, locating, silo warehouse and properties rental
New Krung Thai Sugar Industry Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	88.82	88.82	Thailand	Manufacture and distribution of sugar and molasses

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Holding</u>		<u>Incorporation</u>	
	<u>2005</u>	<u>2004</u>		
New Kwang Soon Lee Sugar Industry Co., Ltd.	96.85	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.32	78.32	Thailand	Export sugar as exporting agent
KS Laxmi Co., Ltd.	51.00	51.00	Thailand	Chemicals distributor
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol and chemicals

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

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

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

## 5. Inter-Transaction between the Related Companies

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

### 5.1 Inter-Assets and Liabilities

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>As at October 31,</u>		<u>As at October 31,</u>	
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
- Trade Accounts and Notes Receivable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	4,222,242.39
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	-	3,091,222.78
New Kwang Soon Lee Sugar Industry Co.,Ltd.	Subsidiary	-	-	13,218.41	641,823.96
Prachaup Industry Co.,Ltd.	Related	863,458.05	1,232,488.94	-	-
Thai Fermentation Industry Co., Ltd.	Related	330,603.00	162,051.50	-	-
Other Related Companies		115,340.16	1,156,076.35	-	-
Total		1,309,401.21	2,550,616.79	13,218.41	7,955,289.13

(Unit : Baht)



(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2005	2004	2005	2004
- Cash Allowance for Sugar Exporter and Export Guarantee					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	1,058,613.85	4,741,340.98
Total		-	-	1,058,613.85	4,741,340.98
- Other Account Payable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	860,561.74	-
Total		-	-	860,561.74	-
- Sale of Land					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	5,762,240.00
Total		-	-	-	5,762,240.00
- Advance Received from Customers for Goods					
Thai Fermentation Industry Co., Ltd.	Related	11,482,052.65	4,717,633.99	11,454,892.65	4,417,786.49
Total		11,482,052.65	4,717,633.99	11,454,892.65	4,417,786.49
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	13,162,969.97	38,266,516.97
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	-	2,917,633.32
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	-	8,765,528.66
Thai Sugar Terminal Public Company Limited	Subsidiary	-	-	62,470.06	-
Total		-	-	13,225,440.03	49,949,678.95
- Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	50,000,000.00
Decrease in the period		-	-	-	(50,000,000.00)
Ending balance		-	-	-	-
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	20,000,000.00	-
Increase in the period		-	-	-	20,000,000.00
Decrease in the period		-	-	(20,000,000.00)	-
Ending balance		-	-	-	20,000,000.00
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	5,400,000.00	-
Increase in the period		-	-	-	5,400,000.00
Decrease in the period		-	-	-	-
Ending balance		-	-	5,400,000.00	5,400,000.00

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2005	2004	2005	2004
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	7,500,000.00
Decrease in the period		-	-	-	(7,500,000.00)
Ending balance		-	-	-	-
K.S.L. IT Center Co., Ltd.	Related				
Beginning balance		-	10,650,000.00	-	10,650,000.00
Increase in the period		-	1,400,000.00	-	1,400,000.00
Decrease in the period		-	(12,050,000.00)	-	(12,050,000.00)
Ending balance		-	-	-	-
Khon Kaen MDF Board Co., Ltd.	Related				
Beginning balance		-	155,000,000.00	-	155,000,000.00
Increase in the period		-	3,000,000.00	-	3,000,000.00
Decrease in the period		-	(158,000,000.00)	-	(158,000,000.00)
Ending balance		-	-	-	-
Chengteh Chinaware (Thailand) Co., Ltd.	Related				
Beginning balance		-	-	-	-
Increase in the period		-	40,000,000.00	-	40,000,000.00
Decrease in the period		-	(40,000,000.00)	-	(40,000,000.00)
Ending balance		-	-	-	-
Raja Porcelain Co., Ltd.	Related				
Beginning balance		-	-	-	-
Increase in the period		-	10,000,000.00	-	10,000,000.00
Decrease in the period		-	(10,000,000.00)	-	(10,000,000.00)
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		121,983,200.00	-	-	-
Increase in the period		178,976,800.00	121,983,200.00	-	-
Decrease in the period		(171,032,450.00)	-	-	-
Ending balance		129,927,550.00	121,983,200.00	-	-
- Loan due from Related Party	Company Advisor				
Beginning balance		338,469.51	856,510.28	338,469.51	856,510.28
Increase in the period		-	300,000.00	-	300,000.00
Decrease in the period		(217,220.90)	(818,040.77)	(217,220.90)	(818,040.77)
Ending balance		121,248.61	338,469.51	121,248.61	338,469.51
Total		130,048,798.61	122,321,669.51	5,521,248.61	25,738,469.51

As at October 31, 2005 and 2004, Loans due from subsidiary and related companies were loans in the form of promissory notes and payable on demand bearing interest rates at 2.75 – 4.00 and 2.50-5.00 percent per annum respectively.

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

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2005	2004	2005	2004
- Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	55,000,000.00	-
Increase in the period		-	-	250,000,000.00	150,000,000.00
Decrease in the period		-	-	(305,000,000.00)	(95,000,000.00)
Ending balance		-	-	-	55,000,000.00
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	80,000,000.00	-
Increase in the period		-	-	-	150,000,000.00
Decrease in the period		-	-	(80,000,000.00)	(70,000,000.00)
Ending balance		-	-	-	80,000,000.00
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	240,000,000.00	-
Decrease in the period		-	-	(55,000,000.00)	-
Ending balance		-	-	185,000,000.00	-
Champion Fermentation Co., Ltd.	Associated				
Beginning balance		-	-	-	-
Increase in the period		-	149,000,000.00	-	-
Decrease in the period		-	(149,000,000.00)	-	-
Ending balance		-	-	-	-
Amarco Co., Ltd.	Related				
Beginning balance		-	6,500,000.00	-	6,500,000.00
Increase in the period		-	-	-	-
Decrease in the period		-	(6,500,000.00)	-	(6,500,000.00)
Ending balance		-	-	-	-
On Nuj Construction Co., Ltd.	Related				
Beginning balance		-	5,000,000.00	-	5,000,000.00
Increase in the period		-	-	-	-
Decrease in the period		-	(5,000,000.00)	-	(5,000,000.00)
Ending balance		-	-	-	-
KSL Tower Juristic Person Office	Shared Owner in Condominium Building				
Beginning balance		-	5,500,000.00	-	5,500,000.00
Increase in the period		-	-	-	-
Decrease in the period		-	(5,500,000.00)	-	(5,500,000.00)
Ending balance		-	-	-	-
Total		-	-	185,000,000.00	135,000,000.00
- Short-Term Loan from Directors and Shareholders					
Beginning balance		-	452,531,000.00	-	452,531,000.00
Increase in the period		-	27,600,000.00	-	25,300,000.00
Decrease in the period		-	(480,131,000.00)	-	(477,831,000.00)
Ending balance		-	-	-	-

As at October 31, 2005 and 2004, loans from related companies and loans from directors and shareholders are loans repayable at call and carry interest rates at 1.25 - 3.05 and 3.00-5.00 percent per annum respectively.

## 5.2 Inter-Company Revenue and Expense

(Unit : Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>For the Year end on October 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
- Sales					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	35,593,412.83	209,955,476.75
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	15,609,460.84	91,568,362.12
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	12,742,079.01	161,266,974.32
Thai Fermentation Industry Co., Ltd.	Related	109,388,508.69	42,699,865.00	65,443,087.35	34,500,000.00
Total		<u>109,388,508.69</u>	<u>42,699,865.00</u>	<u>129,388,040.03</u>	<u>497,290,813.19</u>
- Purchases					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	221,203,304.86	374,717,449.80
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	97,166,781.91	212,958,011.66
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	114,194,953.93	223,407,189.18
Thai Fermentation Industry Co., Ltd.	Related	1,411,004.72	1,869,924.06	499,385.76	414,920.00
Total		<u>1,411,004.72</u>	<u>1,869,924.06</u>	<u>433,064,426.46</u>	<u>811,497,570.64</u>

### Policy of Inter-Company Price Setting for Goods

- The inter-swapping goods for export, the Company uses the world market price that the sales-purchase is made for the first time of that year to be the price of sales-purchase of sugar between the Company's group.
- The intersales-purchase goods for local sales, the Company has the policy to use the market price to determine the price of goods transacted between each other.

(Unit : Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>		<u>The Company Only</u>	
		<u>For the Year end on October 31,</u>			
		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
- Rental Income and Service					
On Nuj Construction Co., Ltd.	Related	486,816.00	264,912.00	486,816.00	264,912.00
Chengteh Chinaware (Thailand) Co., Ltd.	Related	1,440,000.00	1,440,000.00	1,440,000.00	1,440,000.00
K. K. Wood Industry Co., Ltd.	Related	829,440.00	-	829,440.00	-
K.S.L. IT Center Co., Ltd.	Related	360,000.00	360,000.00	360,000.00	360,000.00
Amarco Co., Ltd.	Related	18,000.00	-	18,000.00	-
Mitr Kaset Sugar Industry Co., Ltd.	Related	123,687.37	3,443,182.92	-	-
Eastern Sugar And Sugar Cane Co., Ltd.	Related	2,580,343.41	1,590,192.79	-	-
Rajburi Sugar Co., Ltd.	Related	1,335,589.05	1,981,121.05	-	-
Total		<u>7,173,876.03</u>	<u>9,079,408.76</u>	<u>3,134,256.00</u>	<u>2,064,912.00</u>

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Year end on October 31,			
		2005	2004	2005	2004
- Other Income					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,677,848.06	1,031,754.64
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	206,798.17	317,115.47
New Kwang Soon Lee Sugar Industry Co., Ltd.	Subsidiary	-	-	230,347.64	502,851.62
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	57,009.37	-
KS Laxmi Co., Ltd.	Subsidiary	-	-	4,562.40	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	103,659.82	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	84,383.59	-
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	403,096.60	4,703,759.68
Thai Fermentation Industry Co., Ltd.	Related	261,367.62	186,448.61	87,850.50	113,551.41
K. K. Wood Industry Co., Ltd.	Related	-	20,766,000.00	-	20,766,000.00
Total		261,367.62	20,952,448.61	2,855,556.15	27,435,032.82
- Interest Received					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	238,904.11	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	206,975.35	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	23,360.66
Total		-	-	445,879.46	23,360.66
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	3,617,689.66	16,852,211.44
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,620,183.85	6,811,543.77
TS Warehouse Co., Ltd.	Subsidiary	-	-	739,393.44	7,686,646.03
Kerry Siam Seaport Co., Ltd.	Related	159,147.85	1,315,497.37	159,147.85	121,027.80
Total		159,147.85	1,315,497.37	7,136,414.80	31,471,429.04
- Other Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,948,745.15	69,397.62
New Krung Thai Sugar Industry Co., Ltd.	Subsidiary	-	-	404,713.67	79,959.04
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	107,839.24	119,605.83
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	804,263.38	-
Thai Fermentation Industry Co., Ltd.	Related	33,071.46	-	9,713.46	-
K.S.L. IT Center Co., Ltd.	Related	4,323,738.85	3,165,843.73	1,539,560.54	939,855.84
Mitr Kaset Sugar Industry Co., Ltd.	Related	-	130,567.04	-	-
Eastern Sugar and Sugar Cane Co., Ltd.	Related	1,115,950.00	58,190.00	-	-
Rajburi Sugar Co., Ltd.	Related	319,965.00	269,108.80	-	-
Total		5,792,725.31	3,623,709.57	4,814,835.44	1,208,818.33
- Interest Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	399,972.61	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	90,410.97	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1,482,219.19	-
Total		-	-	1,972,602.77	-

Policy of Price Setting

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

(Unit : Baht)			
<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated</u>	<u>The Company Only</u>
<u>For the Year end on October 31, 2004</u>			
Chengteh Chinaware (Thailand) Co., Ltd.	Related		
- Gain on Sale of General Investments		78,869,798.54	22,500,000.00
- Loss on Sale of General Investments		(1,470,000.00)	(1,470,000.00)
Total		77,399,798.54	21,030,000.00

In the consolidated and the Company's financial statements for the year ended on October 31, 2004, the Company had disposed investment in Chengteh Chinaware (Thailand) Co., Ltd., which had the book value of Baht 37.80 million and Baht 9.00 million respectively to directors at the price of Baht 115.50 million and Baht 31.50 million respectively to cause gain on disposal at Baht 77.70 million and 22.50 million respectively.

In the Company's financial statement for the year ended on October 31, 2004, the Company had disposed the ordinary shares of Raja Porcelain Co., Ltd., On Nuj Construction Co., Ltd., Para Ruamchoke Co., Ltd., Amarco Co., Ltd. and K.K. Wood Industry Co., Ltd. to directors and the company's shareholders at the price of Baht 40.23 million which are the book value.

### 5.3 Relationship of Related Companies

Consisted of: -

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

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

### 6. Trade Accounts and Notes Receivable

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Accounts Receivable - Local				
Not yet due	98,656,351.42	70,724,760.96	76,280,793.21	52,969,205.86
Not over 30 days	11,859,474.59	20,812,503.50	-	7,414,295.96
Over 30 days but not over 60 days	123,274.58	300,067.65	-	-
Total	110,639,100.59	91,837,332.11	76,280,793.21	60,383,501.82
Accounts Receivable - Foreign	9,022,271.34	35,241,656.72	-	33,244,932.07
Notes Receivable	4,133,184.44	7,274,025.54	132,895.76	6,375,011.54
Total	123,794,556.37	134,353,014.37	76,413,688.97	100,003,445.43

7. Trade Accounts and Notes Receivable - Subsidiary and Related Companies

Consisted of:

(Unit : Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Trade Accounts Receivable				
Not yet due	505,252.77	1,739,412.96	-	7,420,231.69
Not over 30 days	2,696.40	658,213.95	-	-
Over 30 days but not over 60 days	109,837.64	152,989.88	-	-
Total	617,786.81	2,550,616.79	-	7,420,231.69
Notes Receivable	691,614.40	-	13,218.41	535,057.44
Total	1,309,401.21	2,550,616.79	13,218.41	7,955,289.13

8. Farmer Accounts Receivable - Net

Consisted of:

(Unit : Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cane Accounts Receivable				
Before Season 2001 / 2002	31,225,175.69	34,763,849.76	397,676.07	397,676.07
Season 2001 / 2002	6,363,068.67	7,034,950.17	-	-
Season 2002 / 2003	18,990,563.70	22,589,954.81	-	-
Season 2003 / 2004	10,533,266.43	16,583,160.62	-	-
Season 2004 / 2005	16,096,678.70	-	-	-
Total	83,208,753.19	80,971,915.36	-	-
Fuel Oil Accounts Receivable	5,884,048.96	4,998,628.08	-	-
Fertilizer Accounts Receivable	103,950.00	-	-	-
Total	89,196,752.15	85,970,543.44	-	-
<u>Less</u> Allowance for Doubtful Accounts	(47,283,593.19)	(46,967,094.06)	(397,676.07)	(397,676.07)
Net	41,913,158.96	39,003,449.38	-	-

9. Short-Term Loans due from Farmers

As at October 31, 2005 and 2004, these loans consisted of portion that was charged interest at 5.00 - 6.00% per annum and another portion in the form of post- dated cheques where farmers discounted with the Company and its subsidiary companies with interest rate based on lending rate of Bank for Agriculture and Agricultural Cooperatives.



10. Inventories

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Refined Sugar	292,047,302.06	278,295,116.82	165,262,583.16	144,674,614.85
White Sugar	459,951,000.18	329,565,572.50	320,426,744.05	198,172,218.86
Raw Sugar	20,147,327.36	36,261,444.59	14,009,548.08	1,349,562.01
Molasses	85,012,501.74	8,749,386.59	64,863,389.42	7,698,414.11
Total	857,158,131.34	652,871,520.50	564,562,264.71	351,894,809.83

11. Supplies - Net

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Supplies	213,606,300.88	180,757,109.36	126,443,267.44	89,303,775.04
<u>Less</u> Allowance for Dilapidated Supplies	(122,245.00)	(122,245.00)	-	-
Net	213,484,055.88	180,634,864.36	126,443,267.44	89,303,775.04

12. Investments under Equity Method

Consisted of:

<u>Company Name</u>	<u>Paid - Up</u> <u>Share Capital</u>	<u>Percentage of</u> <u>Shareholding</u>		(Unit : Baht)					
				<u>As at October 31, 2005</u>			<u>As at October 31, 2004</u>		
				<u>Investment</u>			<u>Investment</u>		
				<u>Cost</u>	<u>Equity</u>	<u>Dividend</u>	<u>Cost</u>	<u>Equity</u>	<u>Dividend</u>
<u>Associated Company (Direct Holding)</u>		<u>2005</u>	<u>2004</u>						
Champion Fermentation Co., Ltd.	150,000,000.00	32.00	32.00	56,800,000.00	48,974,928.76	128,000.00	56,800,000.00	48,746,740.63	-
Total				56,800,000.00	48,974,928.76	128,000.00	56,800,000.00	48,746,740.63	-

(Unit : Baht)

Company Name	Paid - Up Share Capital	Percentage of Shareholding		The company only						
				As at October 31, 2005			As at October 31, 2004			
				Investment		Cash/Stock Dividend	Investment		Dividend	
				Cost	Equity		Cost	Equity		
<b>Subsidiary and Associated Companies (Direct and Indirect Holding)</b>				2005	2004					
Thai Sugar Terminal Public Co., Ltd.	120,000,000.00	23.82	23.82	79,108,599.79	235,458,507.69	2,646,444.44	79,108,599.79	228,356,976.86	262,825.80	
New Krung Thai Sugar Factory Co., Ltd.	540,000,000.00	91.06	91.06	306,893,484.58	372,568,440.61	-	306,893,484.58	355,235,190.16	-	
Tamaka Sugar Industry Co., Ltd.	525,000,000.00	88.82	88.82	448,337,347.61	636,797,324.73	69,943,114.50	448,337,347.61	599,251,667.10	-	
New Kwang Soon Lee Sugar Factory Co., Ltd.	880,000,000.00	96.85	96.85	289,284,258.19	384,478,919.72	-	289,284,258.19	338,722,257.52	-	
K.S.L. Real Estate Co., Ltd.	140,000,000.00	80.31	80.31	89,134,074.29	66,232,491.36	-	89,134,074.29	68,875,035.98	-	
K.S.L. Export Trading Co., Ltd.	10,000,000.00	78.32	78.32	3,387,500.00	(1,149,130.49)	-	3,387,500.00	3,991,471.50	-	
KS Laxmi Co.,Ltd.	2,500,000.00	51.00	51.00	1,274,990.00	26,495.46	-	1,274,990.00	829,940.62	-	
Khon Kaen Sugar Power Plant Co., Ltd.	400,000,000.00	100.00	100.00	399,972,000.00	400,523,189.27	-	100,742,947.50	100,176,113.54	-	
Khon Kaen Alcohol Co., Ltd.	160,000,000.00	100.00	100.00	159,985,600.00	145,341,736.18	-	40,746,332.50	34,713,177.18	-	
Champion Fermentation Co., Ltd.	150,000,000.00	32.00	32.00	56,800,000.00	48,974,928.76	128,000.00	56,800,000.00	48,746,740.63	-	
Total				1,834,177,854.46	2,289,252,903.29	72,717,558.94	1,415,709,534.46	1,778,898,571.09	262,825.80	

As at October 31, 2005 and 2004, the Company used the financial statements for the year ended on September 30, 2005 and 2004 of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were not yet audited by any certified auditor. The recognized equity in the income statement for the year ended on October 31, 2005 and 2004 is Baht 0.36 million and Baht 0.09 million respectively.

In accordance with the minutes of the shareholders' extraordinary meeting No.1/2548 held on July 11, 2005 and No.2/2548 held on July 26, 2005 of New Krung Thai Sugar Factory Co., Ltd., a subsidiary company, it was unanimously resolved to reduce the registered capital by reduce the par value by Baht 1.25 per share amounting to Baht 67.50 million from the former registered and paid-up capital of Baht 540.00 million (54 million ordinary shares at par value of Baht 10.00 per share) to Baht 472.50 million (54 million ordinary shares at the par value of Baht 8.75 per share) to write - off retained loss. The subsidiary company registered the reduction of registered capital with the Ministry of Commerce on December 7, 2005.

In accordance with the minutes of the shareholders' extraordinary meeting No.1/2548 held on July 11, 2005 and No.2/2548 held on July 26, 2005 of New Kwang Soon Lee Sugar Factory Co., Ltd., a subsidiary company, it was unanimously resolved to reduce the number of registered capital by reduce the number of ordinary shares by 66 million shares amounting to Baht 660.00 million from the former registered and paid-up capital of Baht 880.00 million (88 million ordinary shares at the par value of Baht 10.00 per share) to Baht 220.00 million (22 million ordinary shares at the par value of Baht 10.00 per share) to write-off retained loss. The subsidiary company registered the reduction of registered capital with the Ministry of Commerce on December 7, 2005.

13. Other Long-Term Investments - Net

Consisted of:

(Unit : Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>13.1 Available for Sale Securities</b>				
Investment in Debt Securities				
- Subordinated Debenture	4,000,000.00	4,000,000.00	-	-
Investment in Marketable Equity Securities				
- Bangkok Bank Public Co., Ltd.	336,180.00	336,180.00	336,180.00	336,180.00
- Bank of Asia Public Co., Ltd.	172,440.50	172,440.50	172,440.50	172,440.50
- Ratchaburi Egco Holding Public Co., Ltd.	791,700.00	791,700.00	791,700.00	791,700.00
- Finansa Public Co., Ltd.	50,000.00	50,000.00	50,000.00	50,000.00
<u>Add Unrealized Gain on Available for Sale Securities</u>	2,178,373.30	2,444,928.30	2,578,373.30	2,444,928.30
Available for Sale Securities Investment - Net	7,528,693.80	7,795,248.80	3,928,693.80	3,795,248.80

	<u>Company Name</u>	<u>Kind of Business</u>	<u>Paid-Up</u>		<u>Percentage of</u>		<u>Consolidated</u>		<u>The Company Only</u>	
			<u>Share Capital</u>		<u>Holding</u>		<u>As at October 31,</u>		<u>As at October 31,</u>	
			<u>(Thousand Baht )</u>		<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>13.2 General Investments</b>										
- Thai Sugar Intertrade Co., Ltd.		Warehouse and Silo	10,000	3.91	3.91	393,055.34	393,055.34	393,055.34	393,055.34	393,055.34
- Thai Sugar Transportation Co., Ltd.		Transportation	1,250	16.20	16.20	210,479.09	210,479.09	210,479.09	210,479.09	210,479.09
- Thai Sugar Asset Co., Ltd.		Warehouse, Silo and properties	12,500	4.10	4.10	522,879.54	522,879.54	522,879.54	522,879.54	522,879.54
- Thai Cane and Sugar Corp. Ltd.		Export Agent	20,000	1.61	1.61	786,600.00	786,600.00	322,600.00	322,600.00	322,600.00
- Thai Sugar Property Co., Ltd.		Warehouse and Silo	30,000	4.11	4.11	1,237,672.44	1,237,672.44	1,237,672.44	1,237,672.44	1,237,672.44
- TS Warehouse Co., Ltd.		Sugar Depository, Warehouse and Silo	12,500	4.03	4.03	508,543.53	508,543.53	508,543.53	508,543.53	508,543.53
- Thai Sugar Miller Co., Ltd.		Marketing Information Service	109	2.00	2.00	8,700.00	8,700.00	2,175.00	2,175.00	2,175.00
- Kerry Siam Seaport Co., Ltd.		Seaport	484,500	5.95	5.95	54,389,679.47	54,389,679.47	37,787,008.37	37,787,008.37	37,787,008.37
- Krung Thai Investment And Security Co., Ltd.		Closed	-	-	-	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
- Mahanakorn Bank Public Co., Ltd.		Closed	-	-	-	614,294.42	614,294.42	144.42	144.42	144.42
<u>Less</u> Allowance for Impairment of Investment						(659,294.42)	(659,294.42)	(45,144.42)	(45,144.42)	(45,144.42)
General Investments – Net						58,057,609.41	58,057,609.41	40,984,413.31	40,984,413.31	40,984,413.31
<b>13.3 Investment in Held to Maturity Debt Securities</b>										
- Bond						13,340,080.84	13,029,971.59	6,789,544.09	6,848,684.75	6,848,684.75
Total Investment in Held to Maturity Debt Securities						13,340,080.84	13,029,971.59	6,789,544.09	6,848,684.75	6,848,684.75
Total Other Long-term Investment - Net						78,926,384.05	78,882,829.80	51,702,651.20	51,628,346.86	51,628,346.86

As at October 31, 2005 and 2004, the company and its subsidiary companies used the bonds to pledge as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in the consolidated financial statements Baht 13.16 million and Baht 12.84 million respectively and in the Company only's financial statements Baht 6.61 million and Baht 6.66 million respectively.

14. Investment Property-Net

Consisted of:

	(Unit : Baht)			
	Land	Condominium	Furniture	Total
Cost :				
As at October 31, 2004	-	-	-	-
Purchase/Transfer in	19,230,000.00	61,211,660.00	63,992.00	80,505,652.00
Disposal/Transfer out	-	-	-	-
As at October 31, 2005	19,230,000.00	61,211,660.00	63,992.00	80,505,652.00
Accumulated Depreciation :				
As at October 31, 2004	-	-	-	-
Depreciation for the year	-	(1,822,690.98)	(7,206.49)	(1,829,897.47)
Disposal/Transfer out	-	-	-	-
As at October 31, 2005	-	(1,822,690.98)	(7,206.49)	(1,829,897.47)
Book Value :				
As at October 31, 2004	-	-	-	-
As at October 31, 2005	19,230,000.00	59,388,969.02	56,785.51	78,675,754.53
Depreciation in Income Statement				
For the Year ended on October 31, 2005				1,829,897.47



## The Company Only

	(Unit : Baht)						
	Land and Land Improvement	Factory Building and Construction	Machinery and Equipment	Motor Vehicle and Labors saving Device	Furniture and Office Equipment	Asset in Construction	Total
<b>Cost :</b>							
As at October 31, 2004	163,232,903.40	661,970,527.92	2,063,930,938.37	216,727,223.22	46,373,315.64	125,137,254.83	3,277,372,163.38
Purchase/Transfer in	47,539,100.00	51,362,578.63	156,656,221.98	58,739,719.59	12,048,745.06	167,338,173.76	493,684,539.02
Disposal/Transfer out	-	-	-	-	-	(196,185,136.12)	(196,185,136.12)
As at October 31, 2005	210,772,003.40	713,333,106.55	2,220,587,160.35	275,466,942.81	58,422,060.70	96,290,292.47	3,574,871,566.28
<b>Accumulated Depreciation :</b>							
As at October 31, 2004	-	(294,329,307.05)	(1,643,506,614.26)	(184,506,360.37)	(39,930,286.37)	-	(2,162,272,568.05)
Depreciation for the year	-	(30,033,266.84)	(40,567,149.03)	(16,961,265.04)	(4,036,960.09)	-	(91,598,641.00)
Disposal/Transfer out	-	-	-	-	-	-	-
As at October 31, 2005	-	(324,362,573.89)	(1,684,073,763.29)	(201,467,625.41)	(43,967,246.46)	-	(2,253,871,209.05)
<b>Revaluation Surplus on Assets :</b>							
As at October 31, 2004	231,051,056.43	149,372,447.31	584,615,289.15	-	-	-	965,038,792.89
Increase(Decrease)	-	-	-	-	-	-	-
As at October 31, 2005	231,051,056.43	149,372,447.31	584,615,289.15	-	-	-	965,038,792.89
<b>Accumulated Depreciation - Revaluation</b>							
<b>Surplus on Assets :</b>							
As at October 31, 2004	-	(10,019,849.29)	(36,304,164.08)	-	-	-	(46,324,013.37)
(Increase)Decrease	-	(10,758,684.55)	(47,351,131.79)	-	-	-	(58,109,816.34)
As at October 31, 2005	-	(20,778,533.84)	(83,655,295.87)	-	-	-	(104,433,829.71)
<b>Allowance for Impairment on Assets :</b>							
As at October 31, 2004	(22,193,993.07)	(2,697,256.70)	-	-	-	-	(24,891,249.77)
(Increase)Decrease	-	-	-	-	-	-	-
As at October 31, 2005	(22,193,993.07)	(2,697,256.70)	-	-	-	-	(24,891,249.77)
<b>Book Value :</b>							
As at October 31, 2004	372,089,966.76	504,296,562.19	968,735,449.18	32,220,862.85	6,443,029.27	125,137,254.83	2,008,923,125.08
As at October 31, 2005	419,629,066.76	514,867,189.43	1,037,473,390.34	73,999,317.40	14,454,814.24	96,290,292.47	2,156,714,070.64
<b>Depreciation in Income Statement</b>							
For the Year ended on October 31, 2004							92,422,884.27
For the Year ended on October 31, 2005							91,598,641.00

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

As at October 31, 2005, in the consolidated financial statements, the cost of project during construction included interest expense of Baht 2.80 million arisen from long – term loans obtained for construction of factory and machine installation.

As at October 31, 2005 and 2004, the Company's land in the amount of Baht 11.60 million is the land the Company has utilized as cane plantation but has not received the title deeds. At present, it is in the process of applying for the land's title deeds.

As at October 31, 2005 and 2004, in the consolidated financial statements, assets in cost value of Baht 3,289.32 million and Baht 2,029.35 million respectively and in the Company's financial statements, of Baht 1,164.19 million and Baht 1,159.29 million respectively, were fully depreciated but still in use.

In the consolidated and the Company's financial statements as at October 31, 2004, the Company and its subsidiary companies had initiated revaluation of land (including land not used in operation), building and machinery by an independent appraiser which the value of the assets appraised has increased in the consolidated financial statement by the amount of Baht 1,376.00 million and in the Company's financial statement by the amount of Baht 772.46 million. The Company and its subsidiary companies have recorded such surplus in the caption of shareholders' equity. The revaluation decreased in the consolidated financial statement for Baht 25.26 million and in the Company's financial statement for Baht 24.89 million, which the Company and its subsidiary companies have already recorded as loss because of decrease in revaluation in the income statements. During the year, the Company wrote-off factory building from ceased of usage, which caused the loss from ceased of fixed asset usage at Baht 23.81 million that already included in the income statement.

16. Loans for Cane Plantation Development

As at October 31, 2005 and 2004, 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 of agricultural equipments. The loans contracts are for the term of 3 – 10 years onward and interest rate is based on that charged by commercial banks. Most of farmers used land as collaterals.

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

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Bank Overdrafts	2,856,568.78	20,611,324.12	-	14,824,692.68
Loans due to Financial Institutions	165,000,000.00	303,500,000.00	125,000,000.00	80,000,000.00
Packing Credit	129,927,550.00	121,983,200.00	-	-
Trust Receipt	4,063,580.00	-	-	-
Letter of Credit	40,345,027.35	-	-	-
Total	342,192,726.13	446,094,524.12	125,000,000.00	94,824,692.68

In the consolidated and the Company's financial statements as at October 31, 2005 and 2004, loans due to financial institutions are loans in the form of promissory notes with the maturity period ranged from 3 - 6 months, carrying interest rates of 2.30 - 3.70% and 1.75 – 2.75% per annum respectively. The bank overdrafts and short-term loans were pledged by part of land, machinery, equipments and fixed deposits as collaterals. The Company's directors and the subsidiary companies' directors also offer their personal guarantees. As at October 31, 2005, the Company and subsidiary companies' directors have already released their personal guarantees from all of the credit line.

In the consolidated financial statements as at October 31, 2005 packing credits was a loan contract of a subsidiary company with a commercial bank for the benefit of a related company with the directors of the said subsidiary company offered there personal guarantees. The related company issued a promissory note with the same amount and gave it as a guarantee. The principal amount of Baht 76.28 million was subject to annual MLR with payments due by 2015. Creditors withhold the right to change the period of payment annually.

In the consolidated financial statements as at October 31, 2005, trust receipt was pledged by using land together with construction that the subsidiary company may have in the future and all machinery of project of the subsidiary company and part of land belonging to the parent company.

#### 18. Trade Accounts and Notes Payable

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cane Trade Accounts Payable	170,237,478.07	255,579,216.57	113,513,569.81	130,585,410.04
Trade Accounts Payable	111,675,089.20	100,661,987.21	100,213,080.27	99,751,487.29
Notes Payable	2,220,652.74	1,791,399.57	-	799,638.07
Total	284,133,220.01	358,032,603.35	213,726,650.08	231,136,535.40

As at October 31, 2005 the Company and its subsidiary companies recorded the cane price for the production season year 2004/2005 by using the announcement of the initial price of cane for production season year 2004/2005, which announced by the Office of the Cane and Sugar Board, dated February 3, 2005, stating the price of cane at Baht 620 per metric ton at the sweetness level of 10 C.C.S., with adjustment of +/- Baht 37.20 per metric ton per unit of C.C.S..



As of the date of the report, the Office of the Cane and Sugar Board had not yet announced the final price of cane for the production season year 2004/2005, The Company recorded cane trade accounts payable by calculating the average cost of inventory by using the final price of cane, estimated by the management of the Company and its subsidiary companies, at Baht 737.28 – 789.27 per metric ton. The Company believed the final price of cane would be close to the aforementioned estimated prices.

As at October 31, 2004, the Office of the Cane and Sugar Board has not announced the final price of cane for the production season year 2003/2004, so the Company and subsidiary companies recorded the cane accounts payable and calculated the cost of good sold and inventory at the end of the period as at October 31, 2004 by using the final price of cane estimated by the Company's management. In the second quarter of year 2005, the Office of the Cane and Sugar Board has announced the final price of cane for the production season year 2003/2004 in the Royal Gazette dated April 4, 2005, where there was no difference between the announced final price of cane and the estimate made by the Company's management.

19. Short-Term Debenture

As at February 4, 2005, the Company issued and offered for sale the short-term debenture No.1/2005 in private placement for 8 specified investors at 550,000 units at Baht 1,000 per unit, totaling Baht 550 million with the interest rate of 3.25 – 3.75% per annum. The tenor of the debentures is 6 months and the maturity date is August 4, 2005. The Company early redeemed Baht 50.00 million on April 4, 2005 and the remaining was wholly redeemed in the maturity date.

20. Accrued Stabilization Function Payment

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

21. Long-Term Loans

Consisted of:

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Loans due to Commercial Banks	308,396,120.00	330,200,000.00	155,000,000.00	275,000,000.00
<u>Less</u> Current Portion of Long-Term Loans	(148,600,000.00)	(148,600,000.00)	(120,000,000.00)	(120,000,000.00)
Net	159,796,120.00	181,600,000.00	35,000,000.00	155,000,000.00

Movement of long-term loans for the year ended on October 31, 2005 is as follows: -

	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value	330,200,000.00	275,000,000.00
Increase in the Period	116,796,120.00	-
Decrease in the Period	(138,600,000.00)	(120,000,000.00)
Ending book value	308,396,120.00	155,000,000.00

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

The parent company's principal remaining of the first credit line is amounting to Baht 155 million. The repayment period is 4 years since the date of first withdrawal of the loan, which is repayable every 6 months. The first installment is to be made on June 2004 until June 2007 for the total of 7 installments at amount of Baht 60.0 million each. The final installment is to be made on December 2007 at Baht 70.00 million. The Company pledged a part of machinery and equipments as collateral against such credit facilities in full amount and this loan has following important conditions:-

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

A Subsidiary company's principal remaining of the second credit line is amounting to Baht 200.00 million. The repayment period is repayable every 6 months. The first installment is to be made on March 2002 until September 2006 for the total of 10 installments at amount of Baht 14.3 million each and the final installment is to be made on March 2007 at amount of Baht 14.00 million. The subsidiary company pledged land together with construction and machinery as collateral against credit facility. The subsidiary company's directors also offered their personal guarantees. As at October 31, 2005, the subsidiary company's directors have already released their personal guarantees from all of the credit line.

A Subsidiary company's principal remaining of the third credit line is amounting to Baht 200.00 million. The principal have the grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterward, the repayments are to be made at six-monthly totaling 10 installments. The repayment for 1<sup>st</sup> to 9<sup>th</sup> installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10<sup>th</sup> installment. The interest rate at 3.5% per annum until at June 30, 2007, afterward, interest rate at MLR-1.50% per annum. The subsidiary company pledged all land together with construction that the subsidiary company may have in the future and all machinery of project and this loan has following important conditions :-

- The subsidiary company must have the registered capital at not less than Baht 100.00 million and the paid-up capital must be not less than 25% prior to or at the date of the first withdrawal of the loan.
- The parent company must paid the shareholding proportion in the said subsidiary company at the rate not less than 85% of the issued and paid-up share capital though out the period of the loan.
- The subsidiary company is not able to pay dividend except when it can repay the principal and interest according to the contract.
- Except loans from shareholders or affiliated companies, the subsidiary company must not enter into any long-term loan contract unless it has obtained prior approval from the lenders.

## 22. Share Capital

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

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

23. 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 year ended on October 31, 2005, is as follows: -

	<u>Revaluation Surplus on</u>	<u>Discount from Internal</u>	(Unit : Baht)
	<u>Assets-Subsidiary</u>	<u>Restructure of Entities under Common</u>	<u>Net</u>
	<u>Companies</u>	<u>Control</u>	
Beginning balance	1,631,979,065.55	(263,643,310.39)	1,368,335,755.16
Decrease in the period	(129,190,528.49)	-	(129,190,528.49)
Ending balance	1,502,788,537.06	(263,643,310.39)	1,239,145,226.67

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

24. Dividend Paid and Legal Reserve

In accordance with the minutes of the annual shareholders' general meeting No.1/2548 held on January 14, 2005, it was unanimously approved to pay interim dividend from the operating result for the year 2004 at Baht 20.00 per share aggregating to Baht 180.00 million according to the minutes of board of

directors' meeting No.12/2546 held on November 21, 2003, and resolved to pay additional annual dividend of operating result for the year 2004 at Baht 0.50 per share aggregating to Baht 635.23 million.

In the first quarter and the forth quarter of the year 2005, the Company had appropriated part of net profits for the year 2004 and 2005 as a legal reserve in amount of Baht 36.40 million and Baht 16.42 million respectively under the Public Companies Act.

## 25. Corporate Income Tax

The company and subsidiary companies was calculate corporate income tax at 25-30 percent of net accounting profit before tax but after adding back non-tax allowable items in accordance with the Thai Revenue Code.

## 26. Cash and Cash Equivalents

Consisted of: -

	(Unit : Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash and Cash at Banks	161,609,167.65	331,867,295.22	15,460,540.86	51,027,050.18
Short-Term Investments	107,091,750.00	166,500,000.00	-	-
Total	268,700,917.65	498,367,295.22	15,460,540.86	51,027,050.18
<u>Less</u> Short-Term Investments due in 3-6 Months	(5,091,750.00)	(47,000,000.00)	-	-
Net	263,609,167.65	451,367,295.22	15,460,540.86	51,027,050.18

In the consolidated financial statements as at October 31, 2005 and 2004, short-term investments were deposits in the form of promissory notes with interest rates of 1.25-3.25% and 1.25-1.375% per annum respectively.

## 27. Disclosure Of Sectoral Business Operations

The Company's business operation relates to manufacture and distribution of sugar and lease space to use as office. The Company only conduct its business in one geographical area namely Thailand.

Details of the sectoral business operation are as follows:-

### Consolidated

For the year ended on October 31, 2005 and 2004

(Unit : Million Baht)

	Manufacture and Distribution of Sugar		Real Estate Rental		Sugar Exporting Agent		Land Appropriation for Housing		Manufacture and Distribution of Alcohol		Manufacture and Distribution of Electricity		Others		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net Sales and Services – Domestic	2,358	2,276	191	183	2	1	2	2	1	-	1	-	-	-	2,555	2,462
- Foreign	2,977	3,595	-	-	-	-	-	-	-	-	-	-	-	-	2,977	3,595
Total	5,335	5,871	191	183	2	1	2	2	1	-	1	-	-	5,532	6,057	
Profit (loss) from Operation	719	842	94	85	(12)	(12)	(3)	(3)	(9)	(1)	(2)	(1)	-	786	911	
Interest Expenses														(42)	(39)	
Corporate Income Tax														(194)	(167)	
Net Profit after Interest Expenses and Corporate Income Tax														550	705	
Less Net Profit of Parent Company before Acquisition of Shares														-	(24)	
Less Net Profit of Minority Shareholders														(55)	(88)	
Net Profit of Khon Kaen Sugar Industry Public Company Limited														495	593	
Property Plant and Equipment-Net as at October 31	4,336	4,268	1,038	1,035	3	3	18	19	283	42	126	-	-	5,804	5,367	
Central Assets	2,275	2,141	243	223	139	163	55	55	16	8	87	1	1	2,816	2,590	
Total Assets as at October 31	6,611	6,409	1,281	1,258	142	166	73	74	299	50	213	1	1	8,620	7,957	

## 28. Obligations and Contingent Liabilities

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

- 28.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered in amount of the consolidated financial statements 856.08 million and 681.35 million respectively and the Company's 654.52 million and 238.41 million respectively.
- 28.2 The Company and 3 of its subsidiary companies have issued post-dated cheques to farmers to purchase cane for the production season 2005/2006 at the total of Baht 386.76 million and production season 2004/2005 at the total of Baht 339.45 million respectively. The Company and the subsidiary companies have not recorded the said liability as the cheques are not due and the cane of the said production season has not been received from farmers.

- 28.3 The Company and its subsidiary companies have credit lines of bank overdrafts and short-term and long-term loans due to commercial banks that haven't been utilized were pledged fixed deposits, land together with constructions and parts of machinery and leasehold right for the factory location as collateral against the credit facilities. The Company's and its subsidiary companies' directors and the Company offered their personal guarantees. The credit limits in the consolidated financial statement are Baht 5,226.13 million and Baht 2,597.50 million respectively and in the Company's financial statement are Baht 1,833.00 million and Baht 1,692.50 million respectively. As at October 31, 2005, the Company and subsidiary companies' directors have already released their personal guarantees from all of the credit line.
- 28.4 The Company and the three subsidiary companies have issued cheques as guarantees for abiding by the regulations to the Office of Cane and Sugar Fund as follows:-

(Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
For the production season 2002/2003	-	52.68	-	42.60
For the production season 2003/2004	85.07	85.07	46.10	46.10
For the production season 2004/2005	79.56	-	42.98	-

- 28.5 A subsidiary company make a sale – purchase contract with the Electricity Generating Authority of Thailand (EGAT) on February 21, 2005 requiring the company to commerce selling electricity with in 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) until the year period the ended of the contract. Nevertheless, in case the company could not sell electricity under the contract within 12 months from October 31, 2006, it would deem that the contract expired.
- 28.6 A subsidiary company made two contracts to buy machine including installation for electricity generating biomass factory with 30 megawatts size with 2 separate companies to jointly undertake to import and install machines to be completed by June 25, 2006. As of October 31, 2005, the company has remaining obligations under the contracts of Baht 143.72 million and 1,208.41 million Japanese yen.

28.7

	(Unit : Million Baht)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Letters of Guarantees used	92.22	11.81	1.33	11.44

28.8 In the consolidated financial statements, subsidiary companies' credit lines issued from bank obligations pledged against Land together with constructions, machinery, electricity generating equipment, and goods as collateral were not utilized. Such items pledged as collateral are as follows:-

	<u>Consolidated</u>			
	<u>As at October 31,</u>			
	<u>2005</u>		<u>2004</u>	
<u>Currency</u>	<u>USD</u>	<u>Bath</u>	<u>USD</u>	<u>Bath</u>
Letters of Credit	-	891,654,972.00	-	932,000,000.00
Limit Amount for Forward Transactions	23,060,000.00	800,000,000.00	23,060,000.00	800,000,000.00
Letters of Guarantees	-	109,110,000.00	-	200,000,000.00
Packing Credit	-	410,000,000.00	-	447,000,000.00

## 29. Financial Instruments

### Policy to manage financial risk

The Company and the 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 financial instruments when it considers appropriate to manager such risks. However, the Company and subsidiary companies do not hold any policy to hold or issue any financial instruments for speculation or for trading.

### Risk on Interest Rate

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



Risk on Exchange Rate

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

		As at October 31,	
	<u>Foreign Currency</u>	<u>2005</u>	<u>2004</u>
Assets	US Dollar	221,728.00	1,721,413.00
Liabilities	US Dollar	385,185.00	174,049.00
	Japanese yen	113,692,000.00	-

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 associated companies, related persons and companies. However, since the Company and its subsidiary companies pursue conservative lending policy and the numbers of debtors are several, the Company and its subsidiary companies do not anticipate any material damage from debt collections.

Fair Value

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

30. Approved of Financial Statements

These financial statements have already approved by the company's board of directors.

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