

(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 sheets as at October 31, 2006 and 2005, the related consolidated and the Company statements of income, changes in shareholders' equity and cash flows for the years ended on October 31, 2006 and 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.

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 statements 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, 2006 and 2005, the consolidated and the Company operating results and the consolidated and the Company cash flows for the years ended on October 31, 2006 and 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 22, 2006

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As at October 31, 2006 and 2005

(Unit : Baht)

		CONSOLIDATED		THE COMPANY ONLY	
		2006	2005	2006	2005
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Deposits at Financial Institutions	(Note 25)	151,704,340.18	161,609,167.65	18,972,141.69	15,460,540.86
Short-Term Investments	(Note 25)	26,771,600.00	107,091,750.00	-	-
Trade Accounts and Notes Receivable	(Note 7)	245,751,675.54	123,794,556.37	100,226,712.06	76,413,688.97
Trade Accounts and Notes Receivable - Subsidiary and Related Companies	(Notes 5.1 and 8)	933,897.77	1,309,401.21	-	13,218.41
Farmer Accounts Receivable -Net	(Note 9)	76,287,826.17	41,913,158.96	-	-
Short-Term Loans due from Subsidiary Companies, Related Party and Related Companies	(Note 5.1)	153,568,480.00	130,048,798.61	13,600,000.00	5,521,248.61
Short-Term Loans due from Farmers	(Note 10)	147,914,627.20	452,781,472.00	97,909,367.00	183,158,605.00
Inventories -Net	(Note 11)	1,833,811,870.85	911,528,240.27	653,462,737.37	596,918,380.48
Real Estate Development Cost		21,273,303.48	17,136,174.39	-	-
Machine Maintenance Supplies		158,845,011.02	162,353,946.95	82,826,269.16	94,087,151.67
Other Current Assets		101,258,333.06	24,111,054.19	28,538,921.16	6,142,479.88
TOTAL CURRENT ASSETS		2,918,120,965.27	2,133,677,720.60	995,536,148.44	977,715,313.88
NON-CURRENT ASSETS					
Investments under Equity Method	(Note 12)	49,070,233.58	48,974,928.76	2,895,028,197.10	2,289,252,903.29
Other Long-Term Investments-Net	(Note 13)	80,589,496.79	78,926,384.05	53,521,150.49	51,702,651.20
Deferred Cane Plantation Cost	(Note 14)	82,500,443.97	-	55,583,573.82	-
Investment in Real Estate-Net	(Note 15)	75,864,685.57	78,675,754.53	-	-
Property, Plant and Equipment-Net	(Note 16)	7,151,417,492.36	5,836,518,567.57	2,335,546,770.47	2,188,975,098.64
Land not used in Operation		296,020,761.06	305,370,280.79	258,610,734.14	269,019,734.87
Loans for Cane Plantation Development	(Note 17)	163,118,668.21	109,182,300.55	-	-
Obligated Fixed Deposits		6,836,132.28	5,159,592.30	5,185,132.28	5,159,592.30
Other Non-Current Assets		22,108,081.40	23,511,408.43	150,623.06	2,807,233.06
TOTAL NON-CURRENT ASSETS		7,927,525,995.22	6,486,319,216.98	5,603,626,181.36	4,806,917,213.36
TOTAL ASSETS		10,845,646,960.49	8,619,996,937.58	6,599,162,329.80	5,784,632,527.24

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, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY		
	2006	2005	2006	2005	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to					
Financial Institutions	(Note 18)	1,285,979,719.27	342,192,726.13	845,000,000.00	125,000,000.00
Trade Accounts and Notes Payable	(Note 19)	506,599,259.47	284,133,220.01	217,982,252.00	213,726,650.08
Trade Accounts and Notes Payable-Subsidiary Companies	(Note 5.1)	-	-	47,759,219.07	13,225,440.03
Current Portion of Long-Term Loans	(Note 21)	85,100,000.00	148,600,000.00	35,000,000.00	120,000,000.00
Loans due to Subsidiary Companies	(Note 5.1)	-	-	65,000,000.00	185,000,000.00
Accrued Corporate Income Tax		79,315,751.42	69,449,681.42	-	36,242,082.21
Advance Received from Customers for Goods		125,092,922.71	57,150,362.38	3,963,936.91	33,905,135.97
Accrued Stabilization Function Payment	(Note 20)	66,945,780.27	41,881,818.66	33,340,741.83	21,964,997.68
Other Accrued Expenses		29,817,838.45	63,737,717.01	8,848,307.12	21,734,496.93
Other Accounts Payable		246,045,678.40	152,343,704.32	47,686,848.60	57,931,266.55
Other Current Liabilities		52,743,670.10	35,855,772.39	10,359,166.54	6,902,818.07
TOTAL CURRENT LIABILITIES		2,477,640,620.09	1,195,345,002.32	1,314,940,472.07	835,632,887.52
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 21)	823,353,731.60	159,796,120.00	-	35,000,000.00
Other Non-Current Liabilities		26,465,191.74	25,092,965.50	10,521,298.15	10,299,575.00
TOTAL NON-CURRENT LIABILITIES		849,818,923.34	184,889,085.50	10,521,298.15	45,299,575.00
TOTAL LIABILITIES		3,327,459,543.43	1,380,234,087.82	1,325,461,770.22	880,932,462.52

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, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
SHAREHOLDERS' EQUITY				
Share Capital				
Authorized Share Capital :				
1,600,000,000 Ordinary Shares @ Baht 1.00 Par	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	1,550,000,000.00	1,550,000,000.00	1,550,000,000.00	1,550,000,000.00
Premium on Share Capital	1,554,617,243.34	1,554,617,243.34	1,554,617,243.34	1,554,617,243.34
Revaluation Surplus on Assets-Parent Company (Note 16)	964,671,731.28	1,022,371,532.28	964,671,731.28	1,022,371,532.28
Revaluation Surplus on Assets-Subsidiary Companies (Note 16)	144,592,337.11	149,242,152.59	144,592,337.11	149,242,152.59
Surplus from Internal Restructure of Entities under Common Control (Note 22)	1,123,932,819.26	1,239,145,226.67	-	-
Surplus from Change in Shareholding Ratio in Subsidiary Companies	16,469,779.11	-	-	-
Unrealized Gain on Available for Sale Securities	2,248,510.71	2,416,667.36	2,248,510.71	2,416,667.36
Accumulated Result of Translation Adjustment	1,554,901.42	-	1,554,901.42	-
Retained Earnings (Note 23)				
Appropriated				
Legal Reserve	121,120,000.00	90,920,000.00	121,120,000.00	90,920,000.00
Unappropriated	934,895,835.72	534,132,469.15	934,895,835.72	534,132,469.15
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	6,414,103,157.95	6,142,845,291.39	5,273,700,559.58	4,903,700,064.72
Minority Shareholders' Equity	1,104,084,259.11	1,096,917,558.37	-	-
TOTAL SHAREHOLDERS' EQUITY	7,518,187,417.06	7,239,762,849.76	5,273,700,559.58	4,903,700,064.72
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,845,646,960.49	8,619,996,937.58	6,599,162,329.80	5,784,632,527.24

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 Years ended on October 31, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
REVENUES FROM OPERATION				
Sales and Services	6,085,830,877.63	5,213,288,423.89	3,670,001,220.21	3,118,253,395.25
Rental Income	36,495,717.50	33,242,456.82	33,686,364.18	30,051,061.31
Revenue from Sale of Electricity	25,250,452.97	33,629,057.44	17,282,660.15	19,558,987.73
Revenue from Sale of Fuel Oil and Cane Harvest	176,161,238.86	106,800,500.02	52,978,223.39	37,583,503.82
Revenue from Sale of Fertilizer	56,527,922.00	46,492,217.50	47,800,302.00	39,042,730.00
Participating Profit from Investments under Equity Method	95,304.82	356,188.13	443,544,512.91	166,752,931.26
Other Income	118,387,863.97	98,655,042.16	91,682,576.42	43,665,344.45
TOTAL REVENUES	6,498,749,377.75	5,532,463,885.96	4,356,975,859.26	3,454,907,953.82
EXPENSES FROM OPERATION				
Cost of Sales and Services	4,681,167,403.11	4,045,508,504.36	3,177,656,366.09	2,428,835,219.52
Other Cost of Sales	189,299,808.10	121,888,368.60	97,321,167.36	73,007,318.17
Selling and Administrative Expenses	550,288,446.64	537,786,845.79	273,164,878.20	299,041,335.96
Directors' Remuneration	40,472,742.00	41,307,684.30	7,458,500.00	7,299,000.00
TOTAL EXPENSES	5,461,228,399.85	4,746,491,403.05	3,555,600,911.65	2,808,182,873.65
PROFIT BEFORE INTEREST EXPENSES AND				
CORPORATE INCOME TAX	1,037,520,977.90	785,972,482.91	801,374,947.61	646,725,080.17
INTEREST EXPENSES	(109,069,462.74)	(42,146,422.52)	(55,883,831.81)	(31,696,426.69)
CORPORATE INCOME TAX (Note 24)	(213,465,161.23)	(193,851,263.40)	(66,544,389.23)	(119,915,042.63)
NET PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX	714,986,353.93	549,974,796.99	678,946,726.57	495,113,610.85
LESS NET PROFIT OF SUBSIDIARY COMPANIES BELONGING TO				
PARENT COMPANY BEFORE SHARE ACQUISITION	(2,586,464.08)	-	-	-
LESS MINORITY SHAREHOLDERS' NET PROFIT	(33,453,163.28)	(54,861,186.14)	-	-
NET PROFIT OF KHON KAEN SUGAR INDUSTRY	678,946,726.57	495,113,610.85	678,946,726.57	495,113,610.85
PUBLIC COMPANY LIMITED				
PUBLIC COMPANY LIMITED	678,946,726.57	495,113,610.85	678,946,726.57	495,113,610.85
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY				
PUBLIC COMPANY LIMITED	0.44	0.34	0.44	0.34
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES (UNIT : SHARE)	1,550,000,000	1,458,097,122	1,550,000,000	1,458,097,122

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 Years ended on October 31, 2006 and 2005

CONSOLIDATED

(Unit : Baht)

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation	Revaluation	Surplus from Internal Restructure of Entities under Common Control	Surplus from Change in Shareholding Ratio in Subsidiary Companies	Unrealized Gain (Loss) on Available for Sale Securities	Accumulated Result of Translation Adjustment	Retained Earnings		Minority Shareholders' Equity	TOTAL
			Surplus on Assets- Parent Company	Surplus on Assets- Subsidiary Companies					Appropriated Legal Reserve	Unappropriated		
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	-	-	-	-	(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	279,537,920.00	884,155,163.34	-	-	-	-	-	-	-	-	-	1,163,693,083.34
Dividend Paid (Note 23)	-	-	-	-	-	-	-	-	-	(635,231,040.00)	-	(635,231,040.00)
Legal Reserve (Note 23)	-	-	-	-	-	-	-	-	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	#####	7,239,762,849.76
Accumulated Result of Translation Adjustment	-	-	-	-	-	-	-	1,554,901.42	-	-	-	1,554,901.42
Unrealized Loss on Available for Sale Securities	-	-	-	-	-	-	(168,156.65)	-	-	-	-	(168,156.65)
Depreciation-Revaluation Surplus on Assets	-	-	(57,699,801.00)	(4,649,815.48)	-	-	-	-	-	-	-	(62,349,616.48)
Decrease in Surplus from Internal Restructure of Entities under Common Control (Note 22)	-	-	-	-	(115,212,407.41)	-	-	-	-	-	-	(115,212,407.41)
Surplus from Change in Shareholding Ratio in Subsidiary Companies	-	-	-	-	-	16,469,779.11	-	-	-	-	-	16,469,779.11
Unrealized Transaction in Income Statements	1,550,000,000.00	1,554,617,243.34	964,671,731.28	144,592,337.11	1,123,932,819.26	16,469,779.11	2,248,510.71	1,554,901.42	90,920,000.00	534,132,469.15	#####	7,080,057,349.75
Dividend Paid (Note 23)	-	-	-	-	-	-	-	-	-	(247,983,360.00)	-	(247,983,360.00)
Legal Reserve (Note 23)	-	-	-	-	-	-	-	-	30,200,000.00	(30,200,000.00)	-	-
Net Profit for the Year	-	-	-	-	-	-	-	-	-	678,946,726.57	-	678,946,726.57
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	7,166,700.74	7,166,700.74
Balance as at October 31, 2006	1,550,000,000.00	1,554,617,243.34	964,671,731.28	144,592,337.11	1,123,932,819.26	16,469,779.11	2,248,510.71	1,554,901.42	121,120,000.00	934,895,835.72	#####	7,518,187,417.06

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 Years ended on October 31, 2006 and 2005

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	Accumulated Result of Translation Adjustment	Retained Earnings		TOTAL
							Appropriated Legal Reserve	Unappropriated	
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	279,537,920.00	884,155,163.34	-	-	-	-	-	-	1,163,693,083.34
Dividend Paid (Note 23)	-	-	-	-	-	-	-	(635,231,040.00)	(635,231,040.00)
Legal Reserve (Note 23)	-	-	-	-	-	-	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
Accumulated Result of Translation Adjustment	-	-	-	-	-	1,554,901.42	-	-	1,554,901.42
Unrealized Loss on Available for Sale Securities	-	-	-	-	(168,156.65)	-	-	-	(168,156.65)
Depreciation-Revaluation Surplus on Assets	-	-	(57,699,801.00)	(4,649,815.48)	-	-	-	-	(62,349,616.48)
Unrealized Transaction in Income Statements	1,550,000,000.00	1,554,617,243.34	964,671,731.28	144,592,337.11	2,248,510.71	1,554,901.42	90,920,000.00	534,132,469.15	4,842,737,193.01
Dividend Paid (Note 23)	-	-	-	-	-	-	-	(247,983,360.00)	(247,983,360.00)
Legal Reserve (Note 23)	-	-	-	-	-	-	30,200,000.00	(30,200,000.00)	-
Net Profit for the Year	-	-	-	-	-	-	-	678,946,726.57	678,946,726.57
Balance as at October 31, 2006	1,550,000,000.00	1,554,617,243.34	964,671,731.28	144,592,337.11	2,248,510.71	1,554,901.42	121,120,000.00	934,895,835.72	5,273,700,559.58

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 Years ended on October 31, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	678,946,726.57	495,113,610.85	678,946,726.57	495,113,610.85
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities:-				
Gain on Sales of Short-Term Investments	(28,062.50)	(234,477.79)	-	-
Doubtful Accounts (Reversal) - Farmer Accounts Receivable	(3,574,502.97)	316,499.13	-	-
Gain on Loan Repayment from Farmer Accounts Receivable by Land	-	(843,805.53)	-	-
Doubtful Accounts -Other Accounts Recievable and Advance Payments	407,890.28	250,000.00	-	-
Participating Profit from Investments under Equity Method	(95,304.82)	(356,188.13)	(443,544,512.91)	(166,752,931.26)
Loss from Sales of General Investments	34,473.37	-	34,473.37	-
Amortization of Premium on Bond	74,718.22	75,370.06	57,556.91	59,140.66
Depreciation	231,544,620.21	161,759,273.70	120,944,655.93	91,598,641.00
(Gain) Loss on Sales of Assets	1,393,145.73	(401,205.31)	1,035,294.22	-
Loss from Damaged Cane Plantation Plot	4,245,166.15	-	-	-
Amortization of Leasehold Right	-	899,290.70	-	899,290.70
Loss on Withholding tax not applied for refund	526,537.85	357,963.61	-	-
Written off Deferred Hire Purchase Interest Charge	43,849.28	-	-	-
Unrealized (Gain) Loss on Exchange Rate	(5,530,653.34)	(25,218.60)	870.74	37,314.97
Net Profit of Subsidiary Companies belonging to Parent Company before				
Share Acquisition	2,586,464.08	-	-	-
Minority Shareholders' Net Profit	33,453,163.28	54,861,186.14	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	944,028,231.39	711,772,298.83	357,475,064.83	420,955,066.92

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 Years ended on October 31, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
(Increase)Decrease in Trade Accounts and Notes Receivable	(121,957,989.91)	10,546,361.63	(23,813,893.83)	23,589,756.46
(Increase)Decrease in Trade Accounts and Notes Receivable- Subsidiary and Related Companies	375,503.44	1,241,215.58	(61,745,999.25)	(48,794,199.86)
(Increase)Decrease in Farmer Accounts Receivable	(30,800,164.24)	(4,426,990.18)	-	-
(Increase)Decrease in Inventories	(922,283,630.58)	(226,965,082.72)	(56,544,356.89)	(228,781,519.75)
(Increase)Decrease in Real Estate Development Cost	(4,137,129.09)	(17,136,174.39)	-	-
(Increase)Decrease in Machine Maintenance Supplies	3,508,935.93	(13,410,719.64)	11,260,882.51	(21,025,427.53)
(Increase)Decrease in Other Current Assets	(64,713,494.15)	43,421,245.74	(22,396,441.28)	37,035,349.63
(Increase)Decrease in Deferred Cane Plantation Cost	(49,733,351.18)	-	(19,792,288.78)	-
(Increase)Decrease in Other Non-Current Assets	(1,775,034.82)	(3,154,466.73)	4,786.00	(1,005,715.60)
Increase(Decrease) in Trade Accounts and Notes Payable	222,489,568.52	(73,899,383.34)	4,255,601.92	(17,409,885.32)
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary Companies	-	-	96,292,996.70	20,012,031.66
Increase(Decrease) in Accrued Corporate Income Tax	9,866,070.00	2,917,897.33	(36,242,082.21)	(21,341,096.45)
Increase(Decrease) in Advance Received from Customers for Goods	67,942,560.33	(5,120,095.24)	(29,941,199.06)	24,495,102.49
Increase(Decrease) in Accrued Stabilization Function Payment	25,063,961.61	20,464,740.12	11,375,744.15	11,239,251.56
Increase(Decrease) in Other Accrued Expenses	(33,919,878.56)	16,535,072.36	(12,886,189.81)	7,798,650.99
Increase(Decrease) in Other Accounts Payable	51,404,841.40	8,032,056.47	(10,244,417.95)	34,230,279.68
Increase(Decrease) in Other Current Liabilities	16,216,881.69	(30,161,996.24)	3,456,348.47	(36,135,532.56)
Increase(Decrease) in Other Non-Current Liabilities	(454,408.57)	2,193,817.50	221,723.15	2,850,173.00
Net Cash Received from Operating Activities	111,121,473.21	442,849,797.08	210,736,278.67	207,712,285.32
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Short-Term Investments	(335,343.75)	46,863,861.54	-	-
(Increase)Decrease in Loans due from Subsidiary companies, Related Party and Related Companies	(23,519,681.39)	(7,727,129.10)	(8,078,751.39)	20,217,220.90
(Increase)Decrease in Short-Term Loans due from Other Companies	-	2,796,000.00	-	2,796,000.00
(Increase)Decrease in Short-Term Loans due from Farmers	269,717,375.92	(152,399,305.77)	50,099,769.12	(139,271,918.77)
(Increase)Decrease in Loans for Cane Plantation Development	(53,936,367.66)	(42,065,627.67)	-	-
Cash Purchase of Investments in Subsidiary and Associated Companies	-	-	(280,244,218.66)	(418,468,320.00)
Dividends Received from Investments in Subsidiary and Associated Companies	-	128,000.00	114,240,420.35	70,335,758.94
Cash Purchase of General Investment	(1,621,870.35)	(385,479.31)	(1,596,870.35)	-
Cash Received from Sale of General Investment	196,287.48	-	196,287.48	-
Cash Purchase of Investment in Real Estate	(270,630.00)	(80,505,652.00)	-	-
Purchase of Property, Plant and Equipment	(1,708,020,802.60)	(816,295,454.76)	(330,554,080.71)	(297,499,402.90)
Cash Received from Sale of Property, Plant and Equipment	16,458,539.30	905,332.71	16,721,666.30	-
(Increase)Decrease in Obligated Fixed Deposits	(1,676,539.98)	29,974,516.53	(25,539.98)	29,974,516.53
Additional Investment from Minority Shareholders	18,922,223.73	-	-	-
Net Cash Used from Investing Activities	(1,484,086,809.30)	(1,018,710,937.83)	(439,241,317.84)	(731,916,145.30)

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 Years ended on October 31, 2006 and 2005

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
CASH FLOW FROM FINANCING ACTIVITIES				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions	945,427,209.88	(103,901,797.99)	720,000,000.00	30,175,307.32
Increase(Decrease) in Loans due to Subsidiary Companies	-	-	(120,000,000.00)	50,000,000.00
Cash Received from Long-Term Loans	761,557,611.60	116,796,120.00	-	-
Repayment of Long-Term Loans	(161,500,000.00)	(138,600,000.00)	(120,000,000.00)	(120,000,000.00)
Cash Received from Capital Increase	-	1,163,693,083.34	-	1,163,693,083.34
Dividend Paid to Parent Company's Shareholders	(247,983,360.00)	(635,231,040.00)	(247,983,360.00)	(635,231,040.00)
Dividend Paid to Minority Shareholders	(14,384,579.64)	(9,653,352.17)	-	-
Net Cash Received from Financing Activities	1,283,116,881.84	393,103,013.18	232,016,640.00	488,637,350.66
Increase from Accumulated Relult of Translation Adjustment	1,943,626.78	-	-	-
Cash and Cash Equivalents Increase(Decease) - Net	(87,904,827.47)	(182,758,127.57)	3,511,600.83	(35,566,509.32)
Cash and Cash Equivalents at the Beginning of the Period	263,609,167.65	446,367,295.22	15,460,540.86	51,027,050.18
Cash and Cash Equivalents at the End of the Period (Note 25)	175,704,340.18	263,609,167.65	18,972,141.69	15,460,540.86

Additional Disclosure :

1. Cash payment during the period

- Interest Expenses	123,354,706.57	42,795,522.63	55,759,845.57	31,783,412.99
- Corporate Income Tax	209,394,873.13	191,413,647.49	108,475,839.32	141,256,139.08

2. For the year ended on October 31, 2006, the Company and its subsidiary companies have material items not affecting cash flow as follows:-

- In the consolidated financial statements, the surplus from internal restructure of entities under common control was amortised at amount of Baht 115.21 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies charged depreciation against the revaluation surplus on assets at amounts of Baht 203.06 million and Baht 57.70 million respectively.
- 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 amounts of Baht (2.34) million and Baht 0.51 million respectively.
- In the consolidated and the Company's financial statements, the Company transferred land which is not used in operation into land account at the amounts of Baht 9.35 million and Baht 10.41 million respectively.
- In the consolidated and the Company's financial statements, the Company transferred from advance for land to land account at amount of Baht 2.65 million.
- In the consolidated financial statements, the subsidiary companies recorded interest expenses as cost of fixed assets at amount of Baht 14.79 million.
- In the consolidated financial statements, there is a recognition of surplus from change in shareholding ratio in subsidiary companies at amount of Baht 16.47 million.
- In the consolidated financial statements, a subsidiary company purchased an asset by entering into a long-term lease at amount of Baht 2.48 million.
- In the consolidated and the Company's financial statements, the Company entered into cane ownership transfer agreements by transfer short-term loans due from farmers for the deferred cane plantation cost at amount of Baht 35.15 million.
- In the consolidated financial statements, a subsidiary company had share subscriptions receivable due from minority shareholders at amount of Baht 12.84 million.
- In the consolidated and the Company's financial statements, the Company and its subsidiary companies transferred depreciation charge to be part of deferred cane plantation cost at amonts of Baht 1.86 million and Baht 0.64 million respectively.
- In the Company's financial statements, the Company set off the inter sales-purchases of goods with 3 subsidiary companies at amount of Baht 61.76 million.
- In the consolidated financial statements, a subsidiary company had imported machine without any payment yet at amount of Baht 46.14 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 Years ended on October 31, 2006 and 2005**

-
3. 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 statements, the surplus from internal restructure of entities under common control was amortized at amount of Baht 129.19 million.
 - In the consolidated and the Company's financial statements, the Company and its subsidiary companies charged depreciation against the revaluation surplus on assets at amounts of Baht 220.62 million and Baht 58.11 million respectively.
 - 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 amounts of Baht (0.54) million and Baht 0.13 million respectively.
 - In the Company's financial statements, the Company set off the inter sales-purchases of the goods with 3 subsidiary companies at amount of Baht 56.74 million.
 - In the consolidated financial statements, a subsidiary company received land transferred from farmer accounts 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.
 - In the consolidated and the Company's financial statements, the Company transferred land not used in operation to land account at amount of Baht 32.26 million.
 - In the Company's financial statements, the Company received share dividend from a subsidiary company at amount of Baht 2.65 million.
 - In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed assets at amount of Baht 2.86 million.

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2006 AND 2005

1. General Information

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED 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 0107547000214. Its registered headquarter is located at 503 K.S.L.Tower, 9th 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 at October 31, 2006 and 2005 are as follows:

	Consolidated		The Company Only	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Average Number of Employees during Production Season Period (Persons)	3,522	3,106	1,218	1,018
Average Number of Employees during Normal Period (Persons)	2,247	2,048	891	862
Employees Expenses (Million Baht)	543.55	487.95	200.47	174.19

2. Basis of Financial Statements Preparation

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

2.2 Accounting items in the financial statements for the year ended on October 31, 2005 have been reclassified in order to facilitate comparative analysis with those of October 31, 2006.

3. Summary of Significant Accounting Policies

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

- 3.1 The policies concerning its incomes are as follows:
 - 3.1.1 Incomes from sales are recognized when goods are delivered.
 - 3.1.2 Service incomes are recognized when service has already been rendered.
 - 3.1.3 Rental incomes are recognized in accordance to rental period.
 - 3.1.4 Interest and discount receivable from discounting notes receivable are recognized according to the related period.
 - 3.1.5 Dividend is recognized when entitled to receive it.
 - 3.1.6 Other incomes are recognized by accrual basis.
- 3.2 Expenses are recognized by accrual basis.
- 3.3 Cash and cash equivalents includes cash, saving account bank deposit, current account deposit and not exceeding 3 months fixed deposits and short-term investments which are not exceeding 3 months duration for repayment with no obligation commitment.
- 3.4 Allowance for doubtful debt is considered from the current financial of each account anticipated uncollectible.
- 3.5 Inventories are shown at the lower of cost or net realizable value and adjusted by non-moving or out-of-date goods (if any). In case of cost, the following calculation is observed:
 - Raw materials, factory supplies and purchased for resale finished goods, first in- first out method in used.
 - Goods in process and finished goods, calculation is made from average production cost in each production year using first in-first out method.Molasses, which are by product from sugar production, are shown at net average value to be receivable.
- 3.6 Machine maintenance supplies are shown at cost using first in-first out method and adjusted by allowance for slow moving or out-of-date supplies (if any).
- 3.7 Real estate development cost is shown at cost or net value to be receivable, whichever is the lower. This cost consists of land value, earth filling cost, construction cost, utilities development cost and direct expense to secure goods and ready to resale.

3.8 Investments

3.8.1 Investments in subsidiary and associated companies are recorded by equity method.

3.8.2 Long-term investments, which are debt securities and marketable equity securities recorded as available for sale securities, are stated at fair value. Change in the value of these investments is reported in a separate component of shareholders' equity, and would be recorded in the income statement when there is a disposal of the investment or when there is an indication of the impairment of investment whereas its value has decreased permanently.

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 change in value of general investments will be recorded in the income statement when there is a disposal of the investment or when there is an indication of the impairment of investment with permanently decreased value.

3.9 Deferred cane plantation cost is an accumulated cost of cane plantation which covers cost of cane varieties, cost of cane harvested for varieties expansion, fertilizer, labour and other expenses which are directly related. All will be measured with cost deducted by accumulated depreciation and accumulated allowance for impairment (if any). Canes, which are ready for harvested, will be transferred to be raw material cost for production and cost of sale at the harvest date, using fair value deducted by estimated expenses at point of sale. Fair value of cane is considered from prices the Company and its subsidiary companies expect to purchase from cane farmers in each region.

3.10 Investment in real estate is shown at initial net cost value deducted by accumulated depreciation. Depreciation is calculated by using straight line method over estimated useful life of 5-20 years.

3.11 Properties are initially recorded at cost and later stated at fair value, based on valuation 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 Revaluation Surplus on Assets in shareholders' equity, and decrease from cost recorded as loss from revaluation of fixed assets in income statement.

3.12 Plant and equipment are initially recorded at cost and shown at fair value whenever there is a valuation by independent appraiser less by accumulated depreciation and accumulated allowance for impairment.

Depreciation charge is made on straight-line method over their estimated useful lives as follows: -

Land Improvement	5-20	years
Building and Construction	20-30	years
Machinery and Equipment	5-20	years
Motor Vehicle and Labour Saving Tool	5-20	years
Furniture and Office Equipment	5-10	years

The Company and its subsidiary companies have a policy to use independent appraisers to revalue assets at times and during the intervals if there are factors indicating a significant change in the value of assets, the revaluation will be performed in that year. Increase from appraisal value will be recorded as Revaluation Surplus on assets in shareholders' equity, and decrease from cost recorded as loss from revaluation of fixed assets in income statement. Increase in Revaluation Surplus on building and machines will be amortized in accordance to the remaining useful lives of those assets by via of directly writing of the depreciation allowance for increase value of appraised assets to Revaluation Surplus on Assets account.

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

3.13 Surplus from internal restructure of entities under common control is the difference between net book value of investment received and purchase cost of investment occurred from internal restructure of entities under common control. This investment was a merger of identities with same former shareholders and management and the said surplus is shown as a separate item in the balance sheet under shareholders' equity.

3.14 Surplus from change in shareholding ratio in subsidiary companies is the difference between purchase price for increase proportion in subsidiary companies and book value of the subsidiary companies resulted from increased proportion of investment in that subsidiary companies for the purpose of group management. This surplus is shown as a separate item in the balance sheet under the shareholders' equity.

3.15 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 or losses are included as incomes or expenses in the income statement of the year.

The financial statements of Savannakhet Sugar Corporation which is a juristic person established under foreign law and therefore is a foreign unit to be included in the consolidated financial statements, are converted into Baht using exchange rate as follows :-

- assets and liabilities : prevailing rate on the end of period date.
- revenues and expenses : average rate
- shareholders' equity : rate at occurrence date.

The difference arisen from exchange rate conversion is shown under the shareholders' equity.

3.16 Corporate income tax will be recognized as expense item whenever is liable to pay tax.

- 3.17 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.
- 3.18 In accordance to the Public Company Act B.E. 2535, the Company has to appropriate part of the annual net profit as legal reserve at rate not less than 5% of the annual net profit less by existing accumulated loss (if any) until this legal reserve not less than 10% of the registered capital. The Company will appropriate for the reserve after obtaining approval from the meeting of shareholders and this legal reserve can not be used for paying dividends.
- 3.19 For accounting estimates required for preparation of financial statements to conform with generally accepted accounting principles, the management has to use various estimates and assumptions which would affect amounts relating to incomes, expenses, assets, liabilities and disclosure of data relating to contingent assets and liabilities. The actual result may differ from amounts already estimated.
- 3.20 Financial assets reflected in the balance sheet include cash at bank, trade accounts and notes receivable and loans due from. Financial liabilities reflected in the balance sheet include bank overdraft, loans due to, trade accounts 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 Holding</u>		<u>Country of Incorporation</u>	<u>Kind of Business</u>
	<u>2006</u>	<u>2005</u>		
Thai Sugar Terminal Public Company Limited and its subsidiary companies.	23.82	23.82	Thailand	Locating, silo warehouse and property rental and during investment process in wheat flour business
New Krung Thai Sugar Factory Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	90.21	88.82	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory Co., Ltd.	96.85	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.32	78.32	Thailand	Export sugar as exporting agent
KSL Chemical Co., Ltd. (Former Name KS Laxmi Co., Ltd.)	100.00	51.00	Thailand	Importer and distributor of chemicals
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer
KSL. Agro Co., Ltd.	100.00	-	Thailand	Agricultural Operation
Savannakhet Sugar Corporation	80.00	-	Laos	Agricultural Operation, Manufacture and distribution of sugar and molasses which is during investment process

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, 2006 and 2005 investments in subsidiary companies were recorded under equity method. The accounting periods of subsidiary companies end on the same date as the parent company (accounting period ended on October 31) except the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED and SAVANNAKHET SUGAR COPORATION, whose 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 statements.

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 subsidiary companies with related entities and persons could be summarized as follows:-

5.1 Inter-Assets and Liabilities

Type of Transaction/Company Name	Relationship	(Unit : Baht)			
		Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2006	2005	2006	2005
- Trade Accounts and Notes Receivable					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	13,218.41
Prachaup Industry Co.,Ltd.	Related	548,973.18	863,458.05	-	-
Thai Fermentation Industry Co., Ltd.	Related	208,650.00	330,603.00	-	-
Other Related Companies		176,274.59	115,340.16	-	-
Total		933,897.77	1,309,401.21	-	13,218.41
- Cash Allowance for Sugar Purchase					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,124,773.69	1,058,613.85
- Advance					
The Company and subsidiary company's Management	Related Persons	14,285,682.14	-	13,173,105.14	-
- Share Subscription Receivable					
Ban Pong Intertrade Co., Ltd.	Related	12,841,675.00	-	-	-
- Other Account Payable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	860,561.74
- Advance Received from Customers for Goods					
Thai Fermentation Industry Co., Ltd.	Related	95,345,496.00	11,482,052.65	-	11,454,892.65

(Unit : Baht)

<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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	28,838,319.00	13,162,969.97
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	15,274,996.86	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	2,530,282.50	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	981,408.00	-
Thai Sugar Terminal Public Company Limited	Subsidiary	-	-	134,212.71	62,470.06
Total		-	-	47,759,219.07	13,225,440.03

Advance made to the management of the Company for Baht 13.17 million was cash reserve for expenses to be incurred in the investment project under Koh Kong Plantation Co., Ltd. which was in the process of incorporation in the Kingdom of Cambodia.

(Unit : Baht)

<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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
- Short-Term Loans due from					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	20,000,000.00
Increase in the period		-	-	-	-
Decrease in the period		-	-	-	(20,000,000.00)
Ending balance		-	-	-	-
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	5,400,000.00	5,400,000.00
Increase in the period		-	-	8,600,000.00	-
Decrease in the period		-	-	(400,000.00)	-
Ending balance		-	-	13,600,000.00	5,400,000.00
KSL. Agro Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	75,500,000.00	-
Decrease in the period		-	-	(75,500,000.00)	-
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		129,927,550.00	121,983,200.00	-	-
Increase in the period		408,937,350.00	178,976,800.00	-	-
Decrease in the period		(385,697,520.00)	(171,032,450.00)	-	-
Ending balance		153,167,380.00	129,927,550.00	-	-

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2006	2005	2006	2005
- Loan due from the Company's Advisor	Related Person				
Beginning balance		121,248.61	338,469.51	121,248.61	338,469.51
Increase in the period		-	-	-	-
Decrease in the period		(121,248.61)	(217,220.90)	(121,248.61)	(217,220.90)
Ending balance		-	121,248.61	-	121,248.61
- Loan due from Employees in Subsidiary	Related Person				
Beginning balance		-	-	-	-
Increase in the period		510,000.00	-	-	-
Decrease in the period		(108,900.00)	-	-	-
Ending balance		401,100.00	-	-	-
Total		153,568,480.00	130,048,798.61	13,600,000.00	5,521,248.61

As at October 31, 2006 and 2005, loans due from subsidiary and related companies were loans in the form of promissory notes and payable on demand bearing interest rates at 6.25-6.75 and 2.75-4.00 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).

Loan due from Employees in subsidiary is without interest charged between them.

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		As at October 31,		As at October 31,	
		2006	2005	2006	2005
- Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	55,000,000.00
Increase in the period		-	-	172,000,000.00	250,000,000.00
Decrease in the period		-	-	(107,000,000.00)	(305,000,000.00)
Ending balance		-	-	65,000,000.00	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	80,000,000.00
Increase in the period		-	-	-	-
Decrease in the period		-	-	-	(80,000,000.00)
Ending balance		-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	185,000,000.00	-
Increase in the period		-	-	115,000,000.00	240,000,000.00
Decrease in the period		-	-	(300,000,000.00)	(55,000,000.00)
Ending balance		-	-	-	185,000,000.00
Total		-	-	65,000,000.00	185,000,000.00

As at October 31, 2006 and 2005, loans from subsidiary companies are loans repayable at call and carrying interest rates at 6.25 - 6.75 and 1.25-3.05 percent per annum respectively.

5.2 Inter- Revenues and Expenses

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Year end on October 31,			
		2006	2005	2006	2005
- Sales					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	19,254,920.92	15,609,460.84
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	23,961,580.18	35,593,412.83
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	14,668,522.93	12,742,079.01
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	306,376,804.40	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	5,102.81	-
KSL Chemical Co., Ltd.	Subsidiary	-	-	897.20	-
Thai Fermentation Industry Co., Ltd.	Related	194,718,861.93	109,388,508.69	44,002,439.23	65,443,087.35
Other Related Companies		5,906.54	-	5,906.54	-
Total		<u>194,724,768.47</u>	<u>109,388,508.69</u>	<u>408,276,174.21</u>	<u>129,388,040.03</u>
- Purchases					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	426,160,349.39	221,203,304.86
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	212,099,099.12	97,166,781.91
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	121,149,320.21	114,194,953.93
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	10,176,760.00	-
Thai Fermentation Industry Co., Ltd.	Related	1,866,488.00	1,411,004.72	485,141.00	499,385.76
Total		<u>1,866,488.00</u>	<u>1,411,004.72</u>	<u>770,070,669.72</u>	<u>433,064,426.46</u>

Policy of Inter-Price Setting for Goods

- The inter-swapping goods for export, the Company uses the world market price that the sales-purchase is made for the first time of that year to be the price of sales-purchase of sugar between the Company's group.
- The 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)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Year end on October 31,			
		2006	2005	2006	2005
- Rental Income and Service					
On Nuj Construction Co., Ltd.	Related	486,816.00	486,816.00	486,816.00	486,816.00
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	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	18,000.00	18,000.00
Prachaup Industry Co.,Ltd.	Related	4,670,117.18	3,746,694.24	-	-
Mitr Kaset Sugar Industry Co., Ltd.	Related	87,864.75	123,687.57	-	-
Eastern Sugar And Sugar Cane Co., Ltd.	Related	162,009.45	2,580,343.41	-	-
Rajburi Sugar Co., Ltd.	Related	850,649.35	1,335,589.05	-	-
Total		8,904,896.73	10,920,570.27	3,134,256.00	3,134,256.00
- Land sold value					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	15,243,905.00	-
- Other Incomes					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	148,551.41	1,677,848.06
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	69,551.41	206,798.17
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	2,336.45	230,347.64
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	56,542.09	57,009.37
KSL Chemical Co., Ltd.	Subsidiary	-	-	17,757.01	4,562.40
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	46,653,587.76	103,659.82
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1,395,662.69	84,383.59
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	437,447.96	403,096.60
Thai Fermentation Industry Co., Ltd.	Related	311,411.63	261,367.62	68,691.63	87,850.50
K.S.L. IT Center Co., Ltd.	Related	4,076.16	-	3,626.16	-
Total		315,487.79	261,367.62	48,853,754.57	2,855,556.15
- Interest Received					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	238,904.11
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	438,008.19	206,975.35
KSL. Agro Co., Ltd.	Subsidiary	-	-	738,547.93	-
Total		-	-	1,176,556.12	445,879.46
- Goods Custody and Exporting Fees					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	2,036,967.15	3,617,689.66
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	608,880.12	2,620,183.85
TS Warehouse Co., Ltd.	Subsidiary	-	-	413,134.58	739,393.44
Kerry Siam Seaport Co., Ltd.	Related	71,724.15	159,147.85	71,724.15	159,147.85
Total		71,724.15	159,147.85	3,130,706.00	7,136,414.80

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated		The Company Only	
		For the Year end on October 31,			
		2006	2005	2006	2005
- Other Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	118,398.92	1,948,745.15
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	71,736.00	404,713.67
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	9,300.00	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	12,006.54	107,839.24
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	412,100.00	804,263.38
Thai Fermentation Industry Co., Ltd.	Related	148,889.99	33,071.46	96,801.57	9,713.46
K.S.L. IT Center Co., Ltd.	Related	5,194,137.32	4,323,738.85	1,505,978.93	1,539,560.54
Eastern Sugar and Sugar Cane Co., Ltd.	Related	-	1,115,950.00	-	-
Rajburi Sugar Co., Ltd.	Related	99,000.00	319,965.00	-	-
K.S.L. Tower Juristic Person Office	Related	8,189,060.85	-	-	-
Ban Pong Intertrade Co., Ltd.	Related	8,428,657.12	-	-	-
Total		22,059,745.28	5,792,725.31	2,226,321.96	4,814,835.44
- Interest Expenses					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,894,342.45	399,972.61
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	-	90,410.97
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	5,154,363.02	1,482,219.19
Total		-	-	7,048,705.47	1,972,602.77

Policy of Price Setting

- Rental income, service income and sale of land are charged according to the mutually agreed agreements.
- Revenue from selling of supplies are charged according to the cost.
- Revenue from sale on raw material are charged according to the market price.
- 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.

5.3 Relationship of Related Companies

Consisted of: -

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

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

6. Privileges of Benefits from Promoted Investment

Two subsidiary companies received two investment promotion certificates from Broad of Investment of Thailand (BOI) with the following details:-

- 6.1 The promotional investment certificate No. 1929(2)2547: benefits under Investment Promotion Act. B.E. 2520 in sections 25, 26, 28, 31, 34 and 35(3) which cover exception of corporate income tax for 8 years for net profit derived from operation of promoted businesses i.e. production of pure alcohol and production of bio-fertilizers (in case of bio-fertilizers, the total shall not be more than 100% of invested capital not including land and working capital) commencing from the date the income first received from the promoted business. For alcohol or fuel from agricultural produce, the first income was made in January 2006 and for bio-fertilizer in March 2006.
- 6.2 The promotional investment certificate No. 1258(2)2548: benefits under Investment Promotion Act. B.E. 2520 in sections 25, 26, 28, 31, 34 and 35(3) which cover exception of corporate income tax for 8 years for net profit received from operation of promoted businesses i.e. production of electricity power vapors. As at October 31, 2006 no income from such operation has ever obtained.

7. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Accounts Receivable - Local				
Not yet due	221,682,497.63	98,656,351.42	99,704,001.24	76,280,793.21
Not over 30 days	10,053,709.71	11,859,474.59	407,006.60	-
Over 30 days but not over 60 days	776,417.28	123,274.58	-	-
Total	232,512,624.62	110,639,100.59	100,111,007.84	76,280,793.21
Accounts Receivable - Foreign	37,607.76	9,022,271.34	37,607.76	-
Notes Receivable	13,201,443.16	4,133,184.44	78,096.46	132,895.76
Total	245,751,675.54	123,794,556.37	100,226,712.06	76,413,688.97

8. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Trade Accounts Receivable				
Not yet due	567,282.91	505,252.77	-	-
Not over 30 days	225,862.78	2,696.40	-	-
Over 30 days but not over 60 days	140,752.08	109,837.64	-	-
Total	933,897.77	617,786.81	-	-
Notes Receivable	-	691,614.40	-	13,218.41
Total	933,897.77	1,309,401.21	-	13,218.41

9. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cane Accounts Receivable				
Before Season 2001 / 2002	27,427,484.97	31,225,175.69	397,676.07	397,676.07
Season 2001 / 2002	5,635,542.55	6,363,068.67	-	-
Season 2002 / 2003	17,271,857.40	18,990,563.70	-	-
Season 2003 / 2004	8,146,945.64	10,533,266.43	-	-
Season 2004 / 2005	9,900,929.48	16,096,678.70	-	-
Season 2005 / 2006	45,158,325.33	-	-	-
Total	113,541,085.37	83,208,753.19	397,676.07	397,676.07
Fuel Oil Accounts Receivable	6,329,831.02	5,884,048.96	-	-
Fertilizer Accounts Receivable	126,000.00	103,950.00	-	-
Total	119,996,916.39	89,196,752.15	-	-
<u>Less</u> Allowance for Doubtful Accounts	(43,709,090.22)	(47,283,593.19)	(397,676.07)	(397,676.07)
Net	76,287,826.17	41,913,158.96	-	-

10. Short-Term Loans due from Farmers

As at October 31, 2006 and 2005, these loans consisted of portion that was charged interest at 5.00 - 8.00% per annum and 5.00 - 6.00% per annum respectively 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.

11. Inventories-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>2549</u>	<u>2548</u>	<u>2549</u>	<u>2548</u>
Refined Sugar	579,112,589.30	292,047,302.06	146,621,066.89	165,262,583.16
White Sugar	948,335,501.43	459,951,000.18	438,350,984.35	320,426,744.05
Raw Sugar	9,649,390.87	20,147,327.36	9,649,390.87	14,009,548.08
Molasses for sale	120,238,836.98	85,012,501.74	759,294.90	64,863,389.42
Molasses for alcohol production	64,487,974.98	-	-	-
Alcohol and fertilizer in process	3,913,224.94	-	-	-
Alcohol and fertilizer	24,657,013.73	-	-	-
Chemical for sale	1,468,657.79	-	-	-
Other rawmaterials	386,368.35	-	-	-
Factory supplies	81,684,557.48	54,492,353.93	58,082,000.36	32,356,115.77
Total	1,833,934,115.85	911,650,485.27	653,462,737.37	596,918,380.48
<u>(Less)</u> Allowance for dilapidated supplies	(122,245.00)	(122,245.00)	-	-
Net	1,833,811,870.85	911,528,240.27	653,462,737.37	596,918,380.48

12. Investments under Equity Method

Consisted of:

<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Consolidated</u>						
			<u>Share Capital</u>	<u>As at October 31, 2006</u>			<u>As at October 31, 2005</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>2006</u>	<u>2005</u>						
Champion Fermentation Co., Ltd.	150,000,000.00	32.00	32.00	56,800,000.00	49,070,233.58	-	56,800,000.00	48,974,928.76	128,000.00
Total				56,800,000.00	49,070,233.58	-	56,800,000.00	48,974,928.76	128,000.00

(Unit : Baht)

The Company Only					
As at October 31, 2006					
<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Investment</u>		<u>Dividend</u>
			<u>Share Capital</u>	<u>Shareholding</u>	
Subsidiary and Associated Companies (Direct and Indirect Holding)					
Thai Sugar Terminal Public Co., Ltd.	120,000,000.00	23.82	79,108,599.79	234,040,057.00	-
New Krung Thai Sugar Factory Co., Ltd.	472,500,000.00	91.06	306,893,484.58	460,396,196.66	-
Tamaka Sugar Industry Co., Ltd.	600,000,000.00	90.21	523,337,347.61	764,653,100.57	114,240,420.35
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000,000.00	96.85	289,284,258.19	431,135,990.55	-
K.S.L. Real Estate Co., Ltd.	140,000,000.00	80.31	89,134,074.29	63,015,679.32	-
K.S.L. Export Trading Co., Ltd.	10,000,000.00	78.32	3,387,500.00	(2,179,339.10)	-
KSL Chemical Co., Ltd.	7,500,000.00	100.00	6,618,488.66	3,215,666.58	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000,000.00	100.00	399,972,000.00	407,914,766.73	-
Khon Kaen Alcohol Co., Ltd.	160,000,000.00	100.00	159,985,600.00	307,111,080.55	-
KSL. Agro Co., Ltd	100,000,000.00	100.00	99,999,920.00	90,142,237.22	-
Savannahet Sugar Corporation	124,876,000.00	80.00	99,900,800.00	86,512,527.44	-
Champion Fermentation Co., Ltd.	150,000,000.00	32.00	56,800,000.00	49,070,233.58	-
Total			2,114,422,073.12	2,895,028,197.10	114,240,420.35

(Unit : Baht)

The Company Only					
As at October 31, 2005					
<u>Company Name</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Investment</u>		<u>Cash/ Stock</u>
			<u>Share Capital</u>	<u>Shareholding</u>	<u>Dividend</u>
Subsidiary and Associated Companies (Direct and Indirect Holding)					
Thai Sugar Terminal Public Co., Ltd.	120,000,000.00	23.82	79,108,599.79	235,458,507.69	2,911,088.44
New Krung Thai Sugar Factory Co., Ltd.	540,000,000.00	91.06	306,893,484.58	372,568,440.61	-
Tamaka Sugar Industry Co., Ltd.	525,000,000.00	88.82	448,337,347.61	636,797,324.73	69,943,114.50
New Kwang Soon Lee Sugar Factory Co., Ltd.	880,000,000.00	96.85	289,284,258.19	384,478,919.72	-
K.S.L. Real Estate Co., Ltd.	140,000,000.00	80.31	89,134,074.29	66,232,491.36	-
K.S.L. Export Trading Co., Ltd.	10,000,000.00	78.32	3,387,500.00	(1,149,130.49)	-
KSL Chemical Co., Ltd.	2,500,000.00	51.00	1,274,990.00	26,495.46	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000,000.00	100.00	399,972,000.00	400,523,189.27	-
Khon Kaen Alcohol Co., Ltd.	160,000,000.00	100.00	159,985,600.00	145,341,736.18	-
Champion Fermentation Co., Ltd.	150,000,000.00	32.00	56,800,000.00	48,974,928.76	128,000.00
Total			1,834,177,854.46	2,289,252,903.29	72,982,202.94

As at October 31, 2006 and 2005, the Company used the financial statements of Champion Fermentation Co., Ltd. in the recognition of equity in such investment. The said associated company's financial statements were not yet audited and reviewed by any certified auditor. The participating profits in the income statements for the years ended on October 31, 2006 and 2005 are Baht 0.09 million and Baht 0.36 million respectively or equivalent to 0.01% and 0.07% of the consolidated profits 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 ordinary 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.

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

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

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

In the second quarter of the year 2006, the Company additionally invested in the ordinary shares of Savannakhet Sugar Corporation to construct the sugar plant and apply for 62,500-Rai 30-year land concession

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

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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
13.1 <u>Available for Sale Securities</u>				
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
- United Overseas Bank (Thai) Public Co., Ltd.	-	172,440.50	-	172,440.50
- Ratchaburi Egco Holding Public Co., Ltd.	791,700.00	791,700.00	791,700.00	791,700.00
- Finansia Public Co., Ltd.	50,000.00	50,000.00	50,000.00	50,000.00
<u>Add</u> Unrealized Gain on Available for Sale Securities	2,525,094.76	2,178,373.30	3,088,320.00	2,578,373.30
Available for Sale Securities Investment - Net	7,702,974.76	7,528,693.80	4,266,200.00	3,928,693.80

Company Name	Kind of Business	Paid-Up		Percentage of Holding				Consolidated		The Company Only	
		Share Capital		Consolidated		The Company Only		As at October 31,		As at October 31,	
		2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
13.2 General Investments											
- Thai Sugar Intertrade Co., Ltd.	Warehouse and Manufacture and distribution of flour mill	200,000	10,000	0.20	3.93	0.20	3.93	393,055.34	393,055.34	393,055.34	393,055.34
- Thai Sugar Transportation Co., Ltd.	Transportation	1,250	1,250	18.84	16.84	16.84	16.84	235,479.09	210,479.09	210,479.09	210,479.09
- Thai Sugar Asset Co., Ltd.	Silo Warehouse and Property rental	50,000	12,500	4.12	4.18	4.12	4.18	2,061,429.54	522,879.54	2,061,429.54	522,879.54
- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	20,000	3.93	3.93	1.61	1.61	786,600.00	786,600.00	322,600.00	322,600.00
- Thai Sugar Property Co., Ltd.	Silo Warehouse	30,000	30,000	4.13	4.13	4.13	4.13	1,237,672.44	1,237,672.44	1,237,672.44	1,237,672.44
- TS Warehouse Co., Ltd.	Sugar Depository and Silo Warehouse	12,500	12,500	4.07	4.07	4.07	4.07	508,543.53	508,543.53	508,543.53	508,543.53
- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	109	7.98	7.98	2.00	2.00	8,700.00	8,700.00	2,175.00	2,175.00
- Kerry Siam Seaport Co., Ltd.	Seaport	484,500	484,500	11.23	11.23	7.80	7.80	54,389,679.47	54,389,679.47	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
- Mahanakorn Bank Public Co., Ltd.	Closed	-	-	-	-	-	-	614,294.42	614,294.42	144.42	144.42
<u>Less</u> Allowance for Impairment of Investment								(659,294.42)	(659,294.42)	(45,144.42)	(45,144.42)
General Investments – Net								59,621,159.41	58,057,609.41	42,522,963.31	40,984,413.31
13.3 Investment in Held-to-Maturity Debt Securities											
- Bond								13,265,362.62	13,340,080.84	6,731,987.18	6,789,544.09
Total Other Long-term Investments - Net								80,589,496.79	78,926,384.05	53,521,150.49	51,702,651.20

As at October 31, 2006 and 2005, the Company and its subsidiary companies used bonds to pledge as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in the consolidated financial statements of Baht 13.09 million and Baht 13.16 million respectively and in the Company only's financial statements Baht 6.55 million and Baht 6.61 million respectively.

14. Deferred Cane Plantation Cost

Movement of deferred cane plantation cost for the year ended on October 31, 2006 is as follows:-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Beginning Book Value-Net	-	-
Additional cost during the period		
- Cost of cane plantation	49,733,351.18	19,792,288.78
- Depreciation	1,862,790.06	641,816.16
- Receipt of transfer of short term loans due from farmers	35,149,468.88	35,149,468.88
- Receipt of transfer of cost of cane harvested for varieties expansion	222,599.99	-
Cost of cane harvested for varieties expansion	(222,599.99)	-
Accumulated Cost of canes planted	86,745,610.12	55,583,573.82
<u>Less</u> Loss from damaged cane plantation plot	(4,245,166.15)	-
Ending Book Value-Net	82,500,443.97	55,583,573.82

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

In the fourth quarter of the year 2006, at Baht 43.10 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands obtained from the repayment of the short-term loans to the Company by entered into ownership transfer agreements for cane in the plantation process at Baht 35.15 million to continue the plantation. The Baht 18.05 million portion belongs to two subsidiary companies who perform cane plantation on lease land by leasing the land from another subsidiary company (at Baht 1.43 million) and the other by leasing the land from the government of the Lao People's Democratic Republic as mentioned in the note to the financial statements no. 28 (at Baht 16.62 million).

15. Investment in Real Estate-Net

Consisted of:

	<u>Consolidated</u>			(Unit : Baht)
	Land	Condominium	Furniture	Total
Cost :				
As at October 31, 2005	19,230,000.00	61,211,660.00	63,992.00	80,505,652.00
Purchase/Transfer in	-	270,630.00	-	270,630.00
Disposal/Transfer out	-	-	-	-
As at October 31, 2006	19,230,000.00	61,482,290.00	63,992.00	80,776,282.00
Accumulated Depreciation :				
As at October 31, 2005	-	(1,822,690.98)	(7,206.49)	(1,829,897.47)
Depreciation for the year	-	(3,068,894.76)	(12,804.20)	(3,081,698.96)
Disposal/Transfer out	-	-	-	-
As at October 31, 2006	-	(4,891,585.74)	(20,010.69)	(4,911,596.43)
Book Value :				
As at October 31, 2005	19,230,000.00	59,388,969.02	56,785.51	78,675,754.53
As at October 31, 2006	19,230,000.00	56,590,704.26	43,981.31	75,864,685.57
Depreciation in Income Statement				
For the Year ended on October 31, 2005				1,829,897.47
For the Year ended on October 31, 2006				3,081,698.96

16. Property, Plant and Equipment - Net

Consisted of:

	<u>Consolidated</u>						(Unit : Baht)
	Land and Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Asset in Construction	Total
Cost :							
As at October 31, 2005	638,952,390.01	1,346,542,252.10	4,702,685,108.06	363,942,415.68	286,242,108.33	541,707,416.02	7,880,071,690.20
Purchase	222,635,342.52	3,291,095.07	14,749,857.92	89,599,837.31	10,780,327.52	1,418,234,878.77	1,759,291,339.11
Transfer in	31,479,164.63	124,139,656.93	443,770,146.23	26,212,241.66	8,760,702.81	-	634,361,912.26
Disposal	(14,743,905.00)	(14,371,874.71)	(28,002,632.44)	(1,367,600.00)	(3,142,308.09)	-	(61,628,320.24)
Transfer out	-	-	-	-	-	(634,361,912.26)	(634,361,912.26)
Reclassified	6,773,344.00	-	-	-	-	-	6,773,344.00
As at October 31, 2006	885,096,336.16	1,459,601,129.39	5,133,202,479.77	478,386,894.65	302,640,830.57	1,325,580,382.53	9,584,508,053.07
Accumulated Depreciation :							
As at October 31, 2005	(50,841,735.79)	(803,154,547.12)	(3,803,612,952.36)	(268,854,257.83)	(247,805,174.41)	-	(5,174,268,667.51)
Depreciation for the year	(2,445,230.85)	(50,206,636.93)	(123,481,702.06)	(41,632,368.94)	(12,559,772.53)	-	(230,325,711.31)
Disposal/Transfer out	-	12,242,183.74	24,897,026.08	1,367,597.00	3,140,140.42	-	41,646,947.24
As at October 31, 2006	(53,286,966.64)	(841,119,000.31)	(3,902,197,628.34)	(309,119,029.77)	(257,224,806.52)	-	(5,362,947,431.58)
Revaluation Surplus on Assets :							
As at October 31, 2005	1,116,457,102.06	519,432,996.35	2,711,541,355.06	4,658,000.00	22,805,955.42	-	4,374,895,408.89
Disposal	-	-	(437,488.81)	-	-	-	(437,488.81)
Reclassified	2,576,175.73	-	-	-	-	-	2,576,175.73
As at October 31, 2006	1,119,033,277.79	519,432,996.35	2,711,103,866.25	4,658,000.00	22,805,955.42	-	4,377,034,095.81
Accumulated Depreciation - Revaluation Surplus on Assets :							
As at October 31, 2005	(47,416,771.37)	(216,289,033.09)	(945,190,902.71)	(4,658,000.00)	(4,773,751.71)	-	(1,218,328,458.88)
Depreciation for the year	-	(33,465,478.50)	(166,017,145.68)	-	(3,577,775.52)	-	(203,060,399.70)
Disposal/Transfer out	-	-	63,038.77	-	-	-	63,038.77
As at October 31, 2006	(47,416,771.37)	(249,754,511.59)	(1,111,145,009.62)	(4,658,000.00)	(8,351,527.23)	-	(1,421,325,819.81)
Allowance for Impairment on Assets :							
As at October 31, 2005	(22,193,993.07)	(3,657,412.06)	-	-	-	-	(25,851,405.13)
(Increase)Decrease	-	-	-	-	-	-	-
As at October 31, 2006	(22,193,993.07)	(3,657,412.06)	-	-	-	-	(25,851,405.13)
Book Value :							
As at October 31, 2005	1,634,956,991.84	842,874,256.18	2,665,422,608.05	95,088,157.85	56,469,137.63	541,707,416.02	5,836,518,567.57
As at October 31, 2006	1,881,231,882.87	884,503,201.78	2,830,963,708.06	169,267,864.88	59,870,452.24	1,323,472,737.55	7,151,417,492.36
Depreciation in Income Statement							
For the Year ended on October 31, 2005							159,929,376.23
For the Year ended on October 31, 2006							228,462,921.25

The Company Only

	(Unit : Baht)						
	Land and Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Asset in Construction	Total
Cost :							
As at October 31, 2005	243,033,031.40	713,333,106.55	2,220,587,160.35	275,090,175.74	61,747,433.70	93,576,870.57	3,607,367,778.31
Purchase	16,143,389.00	941,095.00	5,506,356.82	41,355,286.07	2,500,607.34	266,759,170.48	333,205,904.71
Transfer in	-	37,090,221.59	123,710,224.42	5,872,463.54	5,936,900.00	-	172,609,809.55
Disposal	(14,743,905.00)	-	(26,562,657.63)	(1,215,000.00)	(29,212.03)	-	(42,550,774.66)
Transfer out	-	-	-	-	-	(172,609,809.55)	(172,609,809.55)
Reclassified	7,832,825.00	-	-	-	-	-	7,832,825.00
As at October 31, 2006	252,265,340.40	751,364,423.14	2,323,241,083.96	321,102,925.35	70,155,729.01	187,726,231.50	3,905,855,733.36
Accumulated Depreciation :							
As at October 31, 2005	-	(324,362,574.19)	(1,684,361,762.29)	(201,090,858.34)	(44,291,198.56)	-	(2,254,106,393.38)
Depreciation for the year	-	(32,220,778.76)	(55,143,921.73)	(28,424,347.68)	(5,797,423.92)	-	(121,586,472.09)
Disposal/Transfer out	-	-	23,550,907.95	1,214,998.00	27,908.19	-	24,793,814.14
As at October 31, 2006	-	(356,583,352.95)	(1,715,954,776.07)	(228,300,208.02)	(50,060,714.29)	-	(2,350,899,051.33)
Revaluation Surplus on Assets :							
As at October 31, 2005	231,051,056.43	149,372,447.31	584,615,289.15	-	-	-	965,038,792.89
Reclassified	2,576,175.73	-	-	-	-	-	2,576,175.73
As at October 31, 2006	233,627,232.16	149,372,447.31	584,615,289.15	-	-	-	967,614,968.62
Accumulated Depreciation - Revaluation							
Surplus on Assets :							
As at October 31, 2005	-	(20,778,533.54)	(83,655,295.87)	-	-	-	(104,433,829.41)
Depreciation for the year	-	(9,882,182.76)	(47,817,618.24)	-	-	-	(57,699,801.00)
As at October 31, 2006	-	(30,660,716.30)	(131,472,914.11)	-	-	-	(162,133,630.41)
Allowance for Impairment on Assets :							
As at October 31, 2005	(22,193,993.07)	(2,697,256.70)	-	-	-	-	(24,891,249.77)
(Increase)Decrease	-	-	-	-	-	-	-
As at October 31, 2006	(22,193,993.07)	(2,697,256.70)	-	-	-	-	(24,891,249.77)
Book Value :							
As at October 31, 2005	451,890,094.76	514,867,189.43	1,037,185,391.34	73,999,317.40	17,456,235.14	93,576,870.57	2,188,975,098.64
As at October 31, 2006	463,698,579.49	510,795,544.50	1,060,428,682.93	92,802,717.33	20,095,014.72	187,726,231.50	2,335,546,770.47
Depreciation in Income Statement							
For the Year ended on October 31, 2005							91,598,641.00
For the Year ended on October 31, 2006							120,944,655.93

In the consolidated and the Company's financial statements, as at October 31, 2006 and 2005, the Company and its subsidiary companies pledged a part of land together with construction and machinery at cost amount of Baht 3,354.30 million and Baht 2,470.75 million respectively as collaterals against short-term and long-term credit facilities with commercial banks.

For the Year ended on October 31, 2006 and 2005, in the consolidated financial statements, the cost of project during construction included interest expense of Baht 14.79 million and Baht 2.86 million respectively arisen from long – term loans obtained for construction of factory and machine installation.

As at October 31, 2006 and 2005, the Company's land in the amount of Baht 12.84 million in both years 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, 2006 and 2005, building under construction and machines under installation of a subsidiary company for the amounts of Baht 771.53 million and Baht 125.46 million respectively were made on land leased from the parent company for the period of 30 years.

As at October 31, 2006 and 2005, in the consolidated financial statements, assets in cost value of Baht 3,427.00 million and Baht 3,289.32 million respectively and in the Company's financial statements, of Baht 1,159.89 million and Baht 1,164.19 million respectively, were fully depreciated but still in use.

As the Company and its subsidiary companies choose to account by cost method and when there is an increase in asset revaluation, only net value of increase book value will be recorded to related asset account along side with revaluation surplus on assets as at October 31, 2006 in the consolidated and the Company only's financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 203.06 million and Baht 57.70 million respectively. Also as at October 31, 2005 in the consolidated and the Company only's financial statements there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 220.62 million and Baht 58.11 million respectively.

If the Company choose to accounts for depreciation for capital surplus through the income statement, the net profit for the year 2006 and 2005 in the consolidated financial statements will be shown at less amount of Baht 203.06 million and Baht 220.62 million and earning per share lowered by Baht 0.13 per share and Baht 0.15 per share and in the Company only's financial statements net profit will be shown lower by Baht 57.70 million and Baht 58.11 million and earnings per share lowered by Baht 0.04 per share in both years.

17. Loans for Cane Plantation Development

As at October 31, 2006 and 2005, three subsidiary companies gave loans to cane farmers for development of cane plantation in order to use such loans to buy land for plantation purpose and agricultural equipment. The loans contracts are for the term of 3-10 years onward and interest rate is 6.00-10.00% per annum and 6.00-8.50 % per annum respectively. Most of farmers used land and vehicle as collaterals.

18. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Bank Overdrafts	4,109,235.15	2,856,568.78	-	-
Loans due to Financial Institutions	933,000,000.00	165,000,000.00	845,000,000.00	125,000,000.00
Packing Credit	153,167,380.00	129,927,550.00	-	-
Trust Receipt	195,703,104.12	4,063,580.00	-	-
Letter of Credit	-	40,345,027.35	-	-
Total	1,285,979,719.27	342,192,726.13	845,000,000.00	125,000,000.00

In the consolidated and the Company's financial statements as at October 31, 2006 and 2005, 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 5.375-6.75% and 2.30-4.75% per annum respectively.

Bank overdrafts, short-term loans due to financial Institutions, trust receipt and letter of credit were guaranteed by pledging part of land and construction, machinery and equipment and fixed deposits of the Company and its subsidiary companies as collaterals.

In the consolidated financial statements as at October 31, 2006 and 2005, packing credits was a loan contract of a subsidiary company with a commercial bank for the benefit of a related company with the board of directors of the said subsidiary company offered their personal guarantees. The related company issued a promissory note with the same amount as the packing credit loan and gave it as a guarantee. The interest is chargeable at MLR per year and part of the principal amounting to Baht 76.28 million is due for repayment by 2015. Creditors withhold the right to change the period of payment annually.

19. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Trade Accounts Payable-Cane purchase	301,550,103.71	170,237,478.07	90,005,803.59	113,513,569.81
Trade Accounts Payable	191,609,689.53	111,675,089.20	116,120,076.23	100,213,080.27
Notes Payable	13,439,466.23	2,220,652.74	11,856,372.18	-
Total	<u>506,599,259.47</u>	<u>284,133,220.01</u>	<u>217,982,252.00</u>	<u>213,726,650.08</u>

As at October 31, 2006, the Company and its subsidiary companies record cane price for production season 2005/2006 using announced initial cane price for production season 2005/2006 as announced by the office of the Cane and Sugar Board in the letter dated May 23, 2006 and published in the Royal Gazette dated June 5, 2006. This price is Baht 800 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 48.00 per cane ton. Until the report date of the Auditor's Report, the office of the Cane and Sugar Board has not yet announced a final cane price for the production season 2005/2006, the Company and its subsidiary companies have to record trade accounts payable-cane purchase and calculated the cost of goods sold and inventories at the end of the period for the year ended on October 31, 2006 from estimation by the management of the Company and its subsidiary companies at cane price of Baht 1,009.49 – 1,072.53 per cane ton. The Company and its subsidiary companies believe that the final cane price will close to the estimated cane price.

As at October 31, 2005, the Office of the Cane and Sugar Board had not announced the final price of cane for the production season year 2004/2005, so the Company and three subsidiary companies recorded the cane trade accounts payable and calculated the cost of goods sold and inventories at the end of the period as at October 31, 2005 by using the final price of cane estimated by the Company and its subsidiary companies' management. In the first quarter of the year 2006, the Office of the Cane and Sugar Board announced the final price of cane for the production season year 2004/2005 in the letter No. Or Kor 0602/Vor 3655 dated December 26, 2005 and in the Royal Gazette dated December 23, 2005, where there was no difference between the announced final price of cane and the estimate made by the Company and its subsidiary companies' management.

20. Accrued Stabilization Function Payment

As at October 31, 2006 and 2005, the whole amount was the amount that the Company and its subsidiary companies had to pay to the Office of the Cane and Sugar Fund to stabilize the cane and sugar industry basing on the production of cane and sugar.

21. Long-Term Loans

Consisted of:

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Loans due to Commercial Banks	908,453,731.60	308,396,120.00	35,000,000.00	155,000,000.00
<u>Less</u> Current Portion of Long-Term Loans	(85,100,000.00)	(148,600,000.00)	(35,000,000.00)	(120,000,000.00)
Net	823,353,731.60	159,796,120.00	-	35,000,000.00

(Unit : Baht)

Movement of long-term loans for the year ended on October 31, 2006 is as follows: -

	<u>Consolidated</u>	<u>The Company Only</u>
Beginning book value balance	308,396,120.00	155,000,000.00
Increase in the Period	761,557,611.60	-
Repayment in the Period	(161,500,000.00)	(120,000,000.00)
Ending book value balance	908,453,731.60	35,000,000.00

In the consolidated and the Company's financial statements as at October 31, 2006 and 2005, the Company and its subsidiary companies obtained loans from three commercial banks with interest rates at 3.50 to MLR-1.25% per annum and at 3.50 to MLR-0.50% per annum. The credit facilities obtained can be classified in to 7 credit lines with the important covenants as follows:-

- The parent company's principal limit of the first credit line is amounting to Baht 490.00 million with the remaining principal of Baht 35.00 million and Baht 155.00 million respectively. 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 60.00 million each. The final installment is to be made on December 2007 at Baht 70.00 million. The interest is monthly repayable. The Company pledged a part of machinery and equipment as collateral 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 2.00% 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 limit of the second credit line is amounting to Baht 200.00 million with the remaining principal of Baht 0.10 million and Baht 36.60 million respectively. 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 14.30 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.
- A subsidiary company's principal limit of the third credit line is amounting to Baht 200.00 million with the remaining principal of Baht 200.00 million and Baht 116.80 million respectively. 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 totalling 10 installments. The repayment for 1st to 9th installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10th installment. The interest is monthly repayable. The subsidiary company pledged all land together with construction that the subsidiary company may have in the future and all machinery of 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.
- A subsidiary company's principal limit of the fourth credit line is amounting to Baht 800.00 million with the remaining principal as at October 31, 2006 of Baht 272.35 million. The principal have the grace period of 3 years 6 months from the date of the first withdrawal (December 30, 2005). Afterward, the repayments are to be made at six-monthly totalling 14 installments. The repayment for 1st to 13th installment is at Baht 57.50 million. The remaining principal must be repaid on the 14th installment and this loan has following important conditions :-

- The subsidiary company must hand over the leasehold right of the factory land to the bank where the land leasehold period must be not less than 30 years.
 - The subsidiary company has to register the pledge of construction that the subsidiary company may have in the future and machinery of project with the principal of pledge at Baht 1,000.00 million to be completed within 2 years from the date of the first withdrawal.
 - The parents company fully guaranteed against any form of credit facility.
 - The subsidiary company, with the bank as its the beneficiary, insured the constructions and machinery. The highest insured value must be equal to the value acceptable by the insurance company.
- A subsidiary company's principal limit of the fifth credit line is amounting to Baht 300.00 million with the remaining principal as at October 31, 2006 of Baht 295.00 million. The repayment period is repayable every 6 months. The first installment is to be made on September 2006 until March 2012 for the total of 12 installments contractual. The repayment for 1st - 2nd installment is at Baht 5.00 million, 3rd - 4th installment is at Baht 25.00 million, 5th - 8th installment is at Baht 27.50 million, 9th - 10th installment is at Baht 30.00 million and 11th - 12th installment is at Baht 35.00 million. The interest is monthly repayable. The subsidiary company pledged land together with construction and machinery as collateral against credit facility.
 - A subsidiary company's principal limit of the sixth credit line is amounting to Baht 200.00 million with the remaining principal as at October 31, 2006 of Baht 65.00 million. Interest is payable every three months and repayment of the principal loan to be made twice every year for the total of 12 installments within May 31, and November 30 of each year. Installments of principle repayment are uneven ranging from Baht 5.00 – 30.00 million commencing from first installment on May 31, 2009 and the last one within November 30, 2014. The parent company has jointly guaranteed for the full amount.
 - A subsidiary company's principal limit of the seventh credit line is amounting to Baht 100.00 million with the remaining principal as at October 31, 2006 of Baht 41.00 million. Interest is payable on the end date of each month and repayment of principal has to be made every six months for 10 installments at Baht 10.00 million each with the first installment falls on the last working day of the sixth month since the first withdrawal of the loan (August 7, 2006) and full repayment completed within five years since the first withdrawal of the loan. The subsidiary company's land together with construction on it was pledged as collateral.

22. 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, 2006 is as follows: -

	<u>Revaluation Surplus on</u>	<u>Discount from Internal Restructure of</u>	(Unit : Baht)
	<u>Assets-Subsidiary Companies</u>	<u>Entities under Common Control</u>	<u>Net</u>
Beginning balance	1,502,788,537.06	(263,643,310.39)	1,239,145,226.67
Decrease in the period	(115,212,407.41)	-	(115,212,407.41)
Ending balance	1,387,576,129.65	(263,643,310.39)	1,123,932,819.26

23. Dividend Paid and Legal Reserve

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

In the fourth quarter of the year 2006, the Company had appropriated net profit for the year 2006 as a legal reserve in amount of Baht 30.20 million under the Public Companies Act.

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

In the first quarter and the fourth quarter of the year 2005, the Company had appropriated part of net profits for the years 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.

24. Corporate Income Tax

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

25. 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>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Cash and Cash at Banks	151,704,340.18	161,609,167.65	18,972,141.69	15,460,540.86
Short-Term Investments				
- Promissory Notes	24,000,000.00	102,000,000.00	-	-
- Investment in marketable securities	5,734,022.50	5,370,616.25	-	-
<u>Less</u> Adjustment of investments to fair value	(2,962,422.50)	(278,866.25)	-	-
Total	178,475,940.18	268,700,917.65	18,972,141.69	15,460,540.86
<u>Less</u> Investment in marketable securities-Net	(2,771,600.00)	(5,091,750.00)	-	-
Net	175,704,340.18	263,609,167.65	18,972,141.69	15,460,540.86

In the consolidated financial statements as at October 31, 2006 and 2005, short-term investments were deposits in the form of promissory notes with interest rates of 4.00-4.625% and 1.25-3.25% per annum respectively.

26. Disclosure Of Sectoral Business Operations

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

Details of the sectoral business operation are as follows:-

Consolidated

For the years ended on October 31, 2006 and 2005

(Unit : Million Baht)

	Manufacture and Distribution of Sugar And molasses		Manufacture and Distribution of Alcohol		Manufacture and sale of Electricity		Real Estate Rental		Land Appropriation for Housing		Others		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net Sales and Services – Domestic	3,127	2,358	594	1	8	1	130	191	2	2	3	2	3,864	2,555
- Foreign	2,635	2,977	-	-	-	-	-	-	-	-	-	-	2,635	2,977
Total	5,762	5,335	594	1	8	1	130	191	2	2	3	2	6,499	5,532
Profit (loss) from Operation	810	719	229	(9)	3	(2)	53	94	(4)	(3)	(54)	(13)	1,037	786
Interest Expenses													(109)	(42)
Corporate Income Tax													(213)	(194)
Net Profit after Interest Expenses and Corporate Income Tax													715	550
<u>Less</u> Net Profit of Parent Company before Acquisition of Shares													(3)	-
<u>Less</u> Net Profit of Minority Shareholders													(33)	(55)
Net Profit of Khon Kaen Sugar Industry Public Company Limited													679	495
Property Plant and Equipment-Net as at October 31	4,452	4,368	363	283	773	126	1,273	1,038	20	18	269	3	7,151	5,836
Central Assets	2,997	2,243	149	16	11	87	198	243	58	55	282	140	3,695	2,784
Total Assets as at October 31	7,450	6,611	512	299	784	213	1,471	1,281	78	73	551	143	10,846	8,620

27. Obligations and Contingent Liabilities

As at October 31, 2006 and 2005, apart from liabilities reflected in the balance sheets, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

- 27.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered as in the consolidated financial statements for the amounts of Baht 2,101.24 million and Baht 856.08 million respectively and as in the Company's financial statements for Baht 1,028.91 million and Baht 654.52 million respectively.
- 27.2 As at October 31, 2006, the Company and 3 of its subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2006/2007 at the total of Baht 372.70 million and production season 2007/2008 at the total of Baht 46.88 million and as at October 31, 2005, the Company and 3 of its subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2005/2006 at total of Baht 386.76 million. The Company and the subsidiary companies have not recorded the said liabilities as the cheques are not yet due and the cane of the said production season has not been received from farmers.
- 27.3 The Company and its subsidiary companies had unutilized credit lines of bank overdrafts , short term and long term loans from commercial banks with the limits as in the consolidated financial statements of Baht 5,771.54 million and Baht 5,226.13 million respectively and as in the Company's financial statements of Baht 1,408.00 million and Baht 1,833.00 million respectively. These credit lines were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of construction as collaterals and the subsidiary companies' directors also participated in guarantee against the credit facilities. But when some of the credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.
- 27.4 The Company and the three subsidiary companies had issued cheques as guarantee for abiding by the regulations to the Office of the Cane and Sugar Fund as follows:-

(Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
For the production season 2003/2004	-	85.07	-	46.10
For the production season 2004/2005	79.56	79.56	42.98	42.98

27.5 A subsidiary company made a sale-purchase contract with the Electricity Generating Authority of Thailand (EGAT) on February 21, 2005 requiring the subsidiary company to commence selling electricity within October 31, 2006 for 21 years and EGAT agrees to buy electricity not less than 80% of electricity supply generated under the contract (20 megawatts) until the year prior to the final year of the contract. Nevertheless, in case the subsidiary company could not sell electricity under the contract within 12 months from October 31, 2006, it would deem that the contract expired.

27.6 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 46.34 million and 147.00 million Japanese yen.

27.7 (Unit : Million Baht)

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Letters of Guarantees used	93.32	92.22	1.33	1.33

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

	<u>Consolidated</u>			
	<u>As at October 31,</u>			
	<u>2006</u>		<u>2005</u>	
<u>Currencies</u>	<u>USD</u>	<u>Baht</u>	<u>USD</u>	<u>Baht</u>
Letter of Credit	55,484.42	525,160,901.66	-	891,654,972.00
Forward Contracts	20,000,000.00	527,796,268.40	23,060,000.00	800,000,000.00
Letters of Guarantees	-	114,114,470.00	-	109,110,000.00
Packing Credit	-	333,116,120.00	-	356,355,950.00

	<u>The Company Only</u>			
	<u>As at October 31,</u>			
	<u>2006</u>		<u>2005</u>	
<u>Currencies</u>	<u>USD</u>	<u>Baht</u>	<u>USD</u>	<u>Baht</u>
Letter of Credit	-	55,000,000.00	-	55,000,000.00
Letters of Guarantees	-	30,000,000.00	-	30,000,000.00

Apart from these, as at October 31, 2006 and 2005, the Company entered into an agreement to guarantee for the debt payment of two subsidiary companies for every type of debt that may occur in the future with a commercial bank at the limit of Baht 1,880 million in the both years.

28. Other Significant Information

- On February 16, 2006, Savannkhet Sugar Corporation, which is a subsidiary company, made a contract to develop area in the Lao People's Democratic Republic with the government of that country to be used is the subsidiary company's office, factory unit, road and area for cane plantation for the total area of 10,000 hectares covering the period of 30 years which can to extended for another 20 years if approved by the counter party. Presently further step is undertaking to fix the area for the purpose of calculating rental price which amounts to US\$ 6 per hectare per year.
- In accordance to minutes of the Company's meeting of the executive board no. 8/2549 held on July 28, 2006, it resolved for the Company to invest in ordinary shares of Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. at the rate of 50% in each company for the total US\$ 5.00 million . This investment was a joint investment with foreigners and the said two companies has enter into the memorandum of understanding with the government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar factory and to apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia in total of 20,000 hectares covering period of 90 years.

29. Financial Instruments

Policy to manage financial risk

The Company and its subsidiary companies possess risk regarding to the change of market interest rate and in currency exchange rate and from nonperformance of contractual obligations by counter parties. The Company and its subsidiary companies will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Company and its subsidiary companies do not have any policy to hold or issue any financial instruments for speculation or for trading.

Risk on Interest Rate

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

Risk on Exchange Rate

Risks on exchange rates for the Company and its subsidiary companies mainly involve with sales of goods and import of machine made in foreign currencies. As at October 31, 2006 and 2005, the Company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

		<u>Consolidated</u>	
		<u>As at October 31,</u>	
	<u>Foreign Currency</u>	<u>2006</u>	<u>2005</u>
Assets	US Dollar	11,025.00	221,728.00
Liabilities	US Dollar	-	385,185.00
	Japanese yen	147,000,000.00	113,692,000.00

		<u>The Company Only</u>	
		<u>As at October 31,</u>	
	<u>Foreign Currency</u>	<u>2006</u>	<u>2005</u>
Assets	US Dollar	11,025.00	-

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 and its subsidiary companies management believes such financial assets and liabilities are presented in value not materially different from relevant fair value.

30. Provident Fund

The Company and its subsidiary companies established a Provident Fund under provident fund Act. B.E. 2530. Employee member will have to pay contribution each month and the Company and its subsidiary companies also contributes an other portion at rates basing on working year of each employee. A domestic financial institution is appointed to act as manager of the fund.

31. Approved of Financial Statements

These financial statements have been approved for issuance by the Company's board of directors on December 22, 2006.
