

## **AUDITOR'S REPORT**

To the Shareholders of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and the separate balance sheets as at October 31, 2007 and 2006, the related consolidated and the separate statements of income, changes in shareholders' equity and cash flows for the years ended on October 31, 2007 and 2006 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 separate financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial position as at October 31, 2007 and 2006, the consolidated and the Company operating results and the consolidated and the Company cash flows for the years ended on October 31, 2007 and 2006 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.

While I still hold to the unqualified opinion, I would like to draw your attention to the notes to the financial statements no. 4 regarding the change in the policy for recording of investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method commencing from the accounting year of 2007, and the change in the policy for recording the land not used in operation from the original cost recording at cost and shown at the fair value when the land is evaluated to the original cost recording at cost, the retro-adjustment of the consolidated and the separate financial statements, presented herein for comparison purpose, and the effect from the said policy change. For the change in such accounting policy, I have audited the adjustments that were applied to restate the consolidated and the separate financial statements for the year ended October 31, 2006. In my opinion, such adjustments are appropriate and have been reasonably applied to the consolidated and the separate financial statements.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant Registration No. 4664

Bangkok,

December 21, 2007

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

## BALANCE SHEETS

As at October 31, 2007 and 2006

(Unit : Baht)

		Consolidated Financial Statements		Separate Financial Statements	
		2007	2006 (Restated)	2007	2006 (Restated)
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and Deposits at Financial Institutions	(Note 27)	290,495,834.83	151,704,340.18	32,268,062.83	18,972,141.69
Short-Term Investments	(Note 27)	2,978,000.00	26,771,600.00	-	-
Trade Accounts and Notes Receivable-Net	(Note 8)	430,918,303.68	245,751,675.54	137,097,882.63	100,226,712.06
Trade Accounts and Notes Receivable - Subsidiary and Related Companies	(Notes 6.1 and 9)	1,795,424.90	933,897.77	8,500.01	-
Farmer Accounts Receivable -Net	(Note 10)	28,781,731.75	76,287,826.17	-	-
Short-Term Loans due from Subsidiary and Related Companies	(Note 6.1)	95,580,731.22	153,167,380.00	47,600,000.00	13,600,000.00
Short-Term Loans due from Farmers	(Note 11)	398,699,973.63	147,914,627.20	85,953,155.63	97,909,367.00
Inventories -Net	(Note 12)	1,540,310,903.45	1,833,811,870.85	819,011,047.60	653,462,737.37
Real Estate Development Cost		43,604,663.39	21,273,303.48	-	-
Machine Maintenance Supplies		218,957,824.76	158,845,011.02	99,986,766.22	82,826,269.16
Other Accounts Receivable-Cane Value and Compensation for Production and Distribution of Sugar	(Note 13)	818,281,112.60	-	440,675,739.68	-
Accrued Dividend Receivable from Subsidiary Company	(Note 6.1)	-	-	143,899,851.25	-
Other Current Assets		142,277,990.36	101,258,333.06	51,482,607.98	28,538,921.17
<b>TOTAL CURRENT ASSETS</b>		<b>4,012,682,494.57</b>	<b>2,917,719,865.27</b>	<b>1,857,983,613.83</b>	<b>995,536,148.45</b>
NON-CURRENT ASSETS					
Investments in Subsidiary and Associated Companies-Net	(Note 14)	49,676,382.41	36,444,807.61	2,459,328,098.52	2,114,422,073.12
Other Long-Term Investments-Net	(Note 15)	81,821,400.33	80,589,496.79	54,115,468.19	53,521,150.49
Deferred Cane Plantation Cost-Net	(Note 16)	156,249,369.11	82,500,443.97	22,745,067.22	55,583,573.82
Property, Plant and Equipment-Net	(Note 17)	9,479,374,774.78	7,223,369,875.70	2,972,792,301.10	2,335,546,770.47
Land not used in Operation-Net		134,866,903.18	140,090,371.69	98,281,732.26	99,420,340.77
Loans for Cane Plantation Development-Net	(Note 18)	129,490,101.83	163,118,668.21	-	-
Obligated Fixed Deposits		7,539,130.71	6,836,132.28	5,339,130.71	5,185,132.28
Other Non-Current Assets		5,570,057.22	22,509,181.40	150,623.06	150,623.06
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,044,588,119.57</b>	<b>7,755,458,977.65</b>	<b>5,612,752,421.06</b>	<b>4,663,829,664.01</b>
<b>TOTAL ASSETS</b>		<b>14,057,270,614.14</b>	<b>10,673,178,842.92</b>	<b>7,470,736,034.89</b>	<b>5,659,365,812.46</b>

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

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

## BALANCE SHEETS

As at October 31, 2007 and 2006

	Consolidated Financial Statements		Separate Financial Statements		
	2007	2006 (Restated)	2007	2006 (Restated)	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Bank Overdrafts and Short-Term Loans due to					
Financial Institutions	(Note 19)	647,220,721.87	1,285,979,719.27	300,000,000.00	845,000,000.00
Other Short-Term Loans - Net	(Note 20)	1,525,468,562.18	-	1,525,468,562.18	-
Trade Accounts and Notes Payable	(Note 21)	155,749,939.15	506,599,259.47	150,317,180.02	217,982,252.00
Trade Accounts and Notes Payable-Subsidiary and Related Companies	(Note 6.1)	85,601.99	-	46,978,144.95	47,759,219.07
Current Portion of Long-Term Loans	(Note 23)	203,500,000.00	85,100,000.00	116,000,000.00	35,000,000.00
Loans due to Subsidiary Companies	(Note 6.1)	-	-	91,500,000.00	65,000,000.00
Accrued Corporate Income Tax		154,952,939.89	79,315,751.42	1,852,096.65	-
Advance Received from Customers for Goods		71,521,427.19	125,092,922.71	42,316,830.17	3,963,936.91
Accrued Stabilization Function Payment	(Note 22)	94,656,202.19	66,945,780.27	46,187,762.92	33,340,741.83
Other Accrued Expenses		70,536,398.06	29,817,838.45	29,503,710.28	8,848,307.12
Other Accounts Payable		251,477,633.16	246,045,678.40	48,276,048.97	47,686,848.60
Other Current Liabilities		70,763,308.37	52,743,670.10	11,384,140.26	10,359,166.54
TOTAL CURRENT LIABILITIES		3,245,932,734.05	2,477,640,620.09	2,409,784,476.40	1,314,940,472.07
NON-CURRENT LIABILITIES					
Long-Term Loans	(Note 23)	1,115,553,731.60	823,353,731.60	-	-
Other Non-Current Liabilities		27,591,644.67	26,465,191.74	9,774,391.80	10,521,298.15
TOTAL NON-CURRENT LIABILITIES		1,143,145,376.27	849,818,923.34	9,774,391.80	10,521,298.15
TOTAL LIABILITIES		4,389,078,110.32	3,327,459,543.43	2,419,558,868.20	1,325,461,770.22

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

For the Years ended on October 31, 2007 and 2006

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2007	2006	2007	2006
		(Restated)		(Restated)
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	1,403,784,448.02	805,481,337.91	1,403,784,448.02	805,481,337.91
Revaluation Surplus on Assets-Subsidiary Companies	140,272,515.14	144,592,337.11	-	-
Surplus from Internal Restructure of Entities under Common Control (Note 24)	2,049,172,720.54	1,123,344,381.03	-	-
Surplus from Change in Shareholding Ratio in Subsidiary Companies	12,277,462.01	16,469,779.11	-	-
Unrealized Gain on Available for Sale Securities	3,252,603.68	2,248,510.71	3,750,070.00	3,088,320.00
Accumulated Result of Translation Adjustment	( 5,084,412.77)	1,554,901.42	-	-
Retained Earnings (Note 25)				
Appropriated				
Legal Reserve	144,120,000.00	121,120,000.00	144,120,000.00	121,120,000.00
Unappropriated	1,394,132,017.23	922,270,409.75	394,905,405.33	299,597,140.99
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY	8,246,544,597.19	6,241,698,900.38	5,051,177,166.69	4,333,904,042.24
Minority Shareholders' Equity	1,421,647,906.63	1,104,020,399.11	-	-
TOTAL SHAREHOLDERS' EQUITY	9,668,192,503.82	7,345,719,299.49	5,051,177,166.69	4,333,904,042.24
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,057,270,614.14	10,673,178,842.92	7,470,736,034.89	5,659,365,812.46

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, 2007 and 2006

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2007	2006 (Restated)	2007	2006 (Restated)
REVENUES FROM OPERATION				
Sales and Services	8,468,486,426.42	6,085,830,877.63	4,255,597,785.90	3,670,001,220.21
Revenue from Sale of Fuel Oil and Cane Harvest	202,166,465.46	176,161,238.86	64,879,947.21	52,978,223.39
Revenue from Compensation for Sugar Production and Distribution (Note 13)	246,205,101.42	-	130,540,716.87	-
Dividends Income	168,892.50	1,308,925.90	260,179,463.15	115,549,346.25
Other Income	216,301,372.92	235,353,030.54	154,517,395.58	189,142,976.85
<b>TOTAL REVENUES</b>	<b>9,133,328,258.72</b>	<b>6,498,654,072.93</b>	<b>4,865,715,308.71</b>	<b>4,027,671,766.70</b>
EXPENSES FROM OPERATION				
Cost of Sales and Services	6,628,558,282.92	4,681,167,403.11	3,737,516,492.04	3,177,656,366.09
Other Cost of Sales	194,970,878.31	189,299,808.10	103,067,575.83	97,321,167.36
Selling and Administrative Expenses	834,638,922.79	550,288,446.64	381,686,526.54	273,164,878.20
Directors' Remuneration	37,097,330.00	40,472,742.00	7,477,500.00	7,458,500.00
Participating Loss from Investments under Equity Method	3,768,425.20	5,921,971.32	-	-
<b>TOTAL EXPENSES</b>	<b>7,699,033,839.22</b>	<b>5,467,150,371.17</b>	<b>4,229,748,094.41</b>	<b>3,555,600,911.65</b>
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX				
CORPORATE INCOME TAX	1,434,294,419.50	1,031,503,701.76	635,967,214.30	472,070,855.05
INTEREST EXPENSES	(183,882,568.86)	(109,069,462.74)	(107,815,601.47)	(55,883,831.81)
CORPORATE INCOME TAX (Note 26)	(328,735,985.07)	(213,465,161.23)	(68,843,348.49)	(66,544,389.23)
<b>NET PROFIT AFTER INTEREST EXPENSES AND CORPORATE INCOME TAX</b>	<b>921,675,865.57</b>	<b>708,969,077.79</b>	<b>459,308,264.34</b>	<b>349,642,634.01</b>
<u>(LESS) PLUS NET (PROFIT) LOSS OF SUBSIDIARY COMPANIES BELONGING TO</u>				
PARENT COMPANY BEFORE SHARE ACQUISITION	3,191,146.25	(2,586,464.08)	-	-
<u>LESS</u> MINORITY SHAREHOLDERS' NET PROFIT	<u>(89,005,404.34)</u>	<u>(33,453,163.28)</u>	<u>-</u>	<u>-</u>
<b>NET PROFIT OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED</b>	<b>835,861,607.48</b>	<b>672,929,450.43</b>	<b>459,308,264.34</b>	<b>349,642,634.01</b>
EARNINGS PER SHARE OF KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED				
PUBLIC COMPANY LIMITED	0.54	0.43	0.30	0.23
NUMBER OF ORDINARY SHARES (UNIT : SHARE)	1,550,000,000	1,550,000,000	1,550,000,000	1,550,000,000

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, 2007 and 2006

Consolidated Financial Statements

	Issued and Paid-up Share Capital	Premium on Share Capital	Revaluation Surplus on Assets- Parent Company	Revaluation Surplus on Assets- Subsidiary Companies	Surplus from Internal Restructure of Entities under Common Control	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
									Appropriated Legal Reserve	Unappropriated		
			(Restated)		(Restated)				(Restated)	(Restated)		
Balance as at October 31, 2005	1,550,000,000.00	1,554,617,243.34	1,022,371,532.28	149,242,152.59	1,239,145,226.67	-	2,416,667.36	-	90,920,000.00	534,132,469.15	1,096,917,558.37	7,239,762,849.76
Accumulated Result from Change in Accounting Policy on												
Investment in Subsidiary of Associated Company	-	-	-	-	-	-	-	-	-	(6,608,149.83)	-	(6,608,149.83)
Land Not Used in Operation	-	-	(159,190,393.37)	-	(588,438.23)	-	-	-	-	-	(63,860.00)	(159,842,691.60)
Restated balance	1,550,000,000.00	1,554,617,243.34	863,181,138.91	149,242,152.59	1,238,556,788.44	-	2,416,667.36	-	90,920,000.00	527,524,319.32	1,096,853,698.37	7,073,312,008.33
Accumulated Result of Translation Adjustment	-	-	-	-	-	-	-	1,554,901.42	-	-	388,725.36	1,943,626.78
Unrealized Loss on Available for Sale Securities	-	-	-	-	-	-	(168,156.65)	-	-	-	(2,168,678.14)	(2,336,834.79)
Depreciation and Written off-Revaluation Surplus on Assets	-	-	(57,699,801.00)	(4,649,815.48)	(115,212,407.41)	-	-	-	-	-	(28,011,512.77)	(205,573,536.66)
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	805,481,337.91	144,592,337.11	1,123,344,381.03	16,469,779.11	2,248,510.71	1,554,901.42	90,920,000.00	527,524,319.32	1,050,592,453.71	6,867,345,263.66
Dividend Paid (Note 25)	-	-	-	-	-	-	-	-	-	(247,983,360.00)	(14,384,579.64)	(262,367,939.64)
Legal Reserve (Note 25)	-	-	-	-	-	-	-	-	30,200,000.00	(30,200,000.00)	-	-
Net Profit for the Year	-	-	-	-	-	-	-	-	-	672,929,450.43	33,453,163.28	706,382,613.71
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	34,359,361.76	34,359,361.76
Balance as at October 31, 2006	1,550,000,000.00	1,554,617,243.34	805,481,337.91	144,592,337.11	1,123,344,381.03	16,469,779.11	2,248,510.71	1,554,901.42	121,120,000.00	922,270,409.75	1,104,020,399.11	7,345,719,299.49
Accumulated Result of Translation Adjustment	-	-	-	-	-	-	-	(6,639,314.19)	-	-	(4,415,593.89)	(11,054,908.08)
Unrealized Profit on Available for Sale Securities	-	-	-	-	-	-	1,004,092.97	-	-	-	1,094,865.13	2,098,958.10
Revaluation Surplus on Assets increase during the Period (Net)	-	-	655,101,985.02	-	1,073,976,313.56	-	-	-	-	-	75,304,861.36	1,804,383,159.94
Depreciation and Written off-Revaluation Surplus on Assets	-	-	(56,798,874.91)	(4,319,821.97)	(148,147,974.05)	-	-	-	-	-	-	(209,266,670.93)
Surplus from Change in Shareholding Ratio												
in Subsidiary Companies	-	-	-	-	-	(4,192,317.10)	-	-	-	-	4,192,317.10	-
Unrealized Transaction in Income Statements	1,550,000,000.00	1,554,617,243.34	1,403,784,448.02	140,272,515.14	2,049,172,720.54	12,277,462.01	3,252,603.68	(5,084,412.77)	121,120,000.00	922,270,409.75	1,180,196,848.81	8,931,879,838.52
Dividend Paid (Note 25)	-	-	-	-	-	-	-	-	-	(341,000,000.00)	(27,389,429.35)	(368,389,429.35)
Legal Reserve (Note 25)	-	-	-	-	-	-	-	-	23,000,000.00	(23,000,000.00)	-	-
Net Profit for the Year	-	-	-	-	-	-	-	-	-	835,861,607.48	89,005,404.34	924,867,011.82
Increase in Minority Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	179,835,082.83	179,835,082.83
Balance as at October 31, 2007	1,550,000,000.00	1,554,617,243.34	1,403,784,448.02	140,272,515.14	2,049,172,720.54	12,277,462.01	3,252,603.68	(5,084,412.77)	144,120,000.00	1,394,132,017.23	1,421,647,906.63	9,668,192,503.82

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, 2007 and 2006**

**Separate Financial Statements**

								(Unit : Baht)
	Issued and Paid-up	Premi on	Revaluation	Revaluation	Unrealized Gain	Retained Earnings		TOTAL
	Share Capital	Share Capital	Surplus on Assets- Parent Company	Surplus on Assets- Subsidiary Companies	(Loss) on Available for Sale Securities	Appropriated Legal Reserve	Unappropriated	
			(Restated)	(Restated)	(Restated)		(Restated)	
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 from Change in Accounting Policy								
Investment in Subsidiary and Associated Companies	-	-	-	(149,242,152.59)	161,705.94	-	(305,994,602.17)	(455,075,048.82)
Land Not Used in Operation	-	-	(159,190,393.37)	-	-	-	-	(159,190,393.37)
Restated balance	1,550,000,000.00	1,554,617,243.34	863,181,138.91	-	2,578,373.30	90,920,000.00	228,137,866.98	4,289,434,622.53
Unrealized Gain on Available for Sale Securities	-	-	-	-	509,946.70	-	-	509,946.70
Depreciation-Revaluation Surplus on Assets	-	-	(57,699,801.00)	-	-	-	-	(57,699,801.00)
Unrealized Transaction in Income Statements	1,550,000,000.00	1,554,617,243.34	805,481,337.91	-	3,088,320.00	90,920,000.00	228,137,866.98	4,232,244,768.23
Dividend Paid (Note 25)	-	-	-	-	-	-	(247,983,360.00)	(247,983,360.00)
Legal Reserve (Note 25)	-	-	-	-	-	30,200,000.00	(30,200,000.00)	-
Net Profit for the Year	-	-	-	-	-	-	349,642,634.01	349,642,634.01
Balance as at October 31, 2006	1,550,000,000.00	1,554,617,243.34	805,481,337.91	-	3,088,320.00	121,120,000.00	299,597,140.99	4,333,904,042.24
Unrealized Gain on Available for Sale Securities	-	-	-	-	661,750.00	-	-	661,750.00
Revaluation Surplus on Assets Net increase during the Period	-	-	655,101,985.02	-	-	-	-	655,101,985.02
Depreciation and Write -off - Revaluation Surplus on Assets	-	-	(56,798,874.91)	-	-	-	-	(56,798,874.91)
Unrealized Transaction in Income Statements	1,550,000,000.00	1,554,617,243.34	1,403,784,448.02	-	3,750,070.00	121,120,000.00	299,597,140.99	4,932,868,902.35
Dividend Paid (Note 25)	-	-	-	-	-	-	(341,000,000.00)	(341,000,000.00)
Legal Reserve (Note 25)	-	-	-	-	-	23,000,000.00	(23,000,000.00)	-
Net Profit for the Year	-	-	-	-	-	-	459,308,264.34	459,308,264.34
Balance as at October 31, 2007	1,550,000,000.00	1,554,617,243.34	1,403,784,448.02	-	3,750,070.00	144,120,000.00	394,905,405.33	5,051,177,166.69

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, 2007 and 2006

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit	835,861,607.48	672,929,450.43	459,308,264.34	349,642,634.01
Reconciliation of Net Profit with Cash Received (Payment) from Operating Activities:-				
Doubtful Accounts (Reversal) - Farmer, Other Accounts Receivable and Advance Payment	33,301,198.72	(3,166,612.69)	-	-
Written off Bad Debt	4,345,470.60	4,114,109.83	-	-
Loss from Dilapidated Inventories and written down the value of Inventories	8,416,494.93	-	-	-
Gain on Sales of Short-Term Investments	-	(28,062.50)	-	-
Participating Loss from Investments under Equity Method	3,768,425.20	5,921,971.32	-	-
Loss for Non Refundable Withholding Tax	20,140.29	526,537.85	-	-
Loss on Sales of Other Long-Term Investments	-	34,473.37	-	34,473.37
Amortization of Premium on Bond	83,130.62	74,718.22	67,432.30	57,556.91
Loss from written-off Cane Plantation Cost	2,875,425.27	-	281,293.37	-
Loss from written down the value of Cane Plantation Cost	8,391,997.77	4,245,166.15	-	-
Depreciation	316,621,015.54	231,544,620.21	135,841,044.29	120,944,655.93
Loss on Sales of Property, Plant and Equipment	15,935,141.23	1,393,145.73	17,517,756.99	1,035,294.22
Loss from Impairment of Property, Plant and Equipment (Reversal)	8,610,044.74	-	(367,271.90)	-
Loss from Impairment of Land Not Used in Operation	1,506,900.00	-	-	-
Unrealized (Gain) Loss on Exchange Rate	281,968.45	(5,530,653.34)	134,673.28	870.74
Revenue from Compensation for Sugar Production and Distribution	(246,205,101.42)	-	(130,540,716.87)	-
Loss from Impairment of Investments in Subsidiary and Associated Companies	-	-	27,819,624.60	-
Dividend Income from Subsidiary and Other Companies	(168,892.50)	(1,308,925.90)	(260,179,463.15)	(115,549,346.25)
Net Profit (Loss) of Subsidiary Companies belonging to Parent Company before				
Share Acquisition	(3,191,146.25)	2,586,464.08	-	-
Minority Shareholders' Net Profit	89,005,404.34	33,453,163.28	-	-
Profit from Operation before Changes in Operating Assets and Liabilities	1,079,459,225.01	946,789,566.04	249,882,637.25	356,166,138.93

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, 2007 and 2006

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
(Increase)Decrease in Trade Accounts and Notes Receivable	(186,142,043.18)	(121,957,989.91)	(37,018,100.38)	(23,813,893.83)
(Increase)Decrease in Trade Accounts and Notes Receivable- Subsidiary and Related Companies	(861,527.13)	375,503.44	(29,478,682.65)	(61,745,999.25)
(Increase)Decrease in Farmer Accounts Receivable	16,539,391.65	(34,914,274.07)	-	-
(Increase)Decrease in Inventories	285,084,472.47	(922,283,630.58)	(165,548,310.23)	(56,544,356.89)
(Increase)Decrease in Real Estate Development Cost	(8,250,734.91)	(4,137,129.09)	-	-
(Increase)Decrease in Machine Maintenance Supplies	(60,112,813.74)	3,508,935.93	(17,160,497.06)	11,260,882.51
(Increase)Decrease in Other Accounts Receivable-Cane Value and Compensation for Sugar Production and Distribution	(572,076,011.18)	-	(310,135,022.81)	-
(Increase)Decrease in Other Current Assets	(53,861,332.30)	(64,713,494.15)	(22,943,686.81)	(22,396,441.28)
(Increase)Decrease in Deferred Cane Plantation Cost	(66,228,164.91)	(49,733,351.18)	35,122,390.26	(19,792,288.78)
(Increase)Decrease in Other Non-Current Assets	16,918,983.89	(1,775,034.82)	-	4,786.00
Increase(Decrease) in Trade Accounts and Notes Payable	(350,847,082.22)	222,489,568.52	(67,665,071.98)	4,255,601.92
Increase(Decrease) in Trade Accounts and Notes Payable - Subsidiary and Related Companies	85,601.99	-	28,689,108.52	96,292,996.70
Increase(Decrease) in Accrued Corporate Income Tax	75,637,188.47	9,866,070.00	1,852,096.65	(36,242,082.21)
Increase(Decrease) in Advance Received from Customers for Goods	(53,452,334.06)	67,942,560.33	38,365,149.79	(29,941,199.06)
Increase(Decrease) in Accrued Stabilization Function Payment	27,710,421.92	25,063,961.61	12,847,021.09	11,375,744.15
Increase(Decrease) in Other Accrued Expenses	40,718,559.61	(33,919,878.56)	20,655,403.16	(12,886,189.81)
Increase(Decrease) in Other Accounts Payable	(65,801,621.81)	51,404,841.40	589,200.37	(10,244,417.95)
Increase(Decrease) in Other Current Liabilities	2,919,489.52	16,216,881.69	1,024,973.72	3,456,348.47
Increase(Decrease) in Other Non-Current Liabilities	(1,537,126.59)	(410,559.29)	(746,906.35)	221,723.15
Net Cash Received (Used) from Operating Activities	125,902,542.50	109,812,547.31	(261,668,297.46)	209,427,352.77
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Short-Term Investments	1,067,582.86	(335,343.75)	-	-
(Increase)Decrease in Loans due from Subsidiary and Related Companies	57,586,648.78	(23,519,681.39)	(34,000,000.00)	(8,078,751.39)
(Increase)Decrease in Short-Term Loans due from Farmers	(250,785,346.43)	269,717,375.92	11,956,211.37	50,099,769.12
(Increase)Decrease in Loans for Cane Plantation Development	27,713,085.83	(53,936,367.66)	-	-
Cash Purchase of Investments in Subsidiary and Associated Companies	(17,000,000.00)	-	(372,725,650.00)	(280,244,218.66)
Cash Purchase of Other Long-Term Investments	(490,058.92)	(1,621,870.35)	-	(1,596,870.35)
Cash Received from Sale of Other Long-Term Investment	-	196,287.48	-	196,287.48
Cash Received from Dividend Paid by Subsidiary and Other Companies	168,892.50	1,308,925.90	116,279,611.90	115,549,346.25
Purchase of Property, Plant and Equipment	(986,053,885.34)	(1,708,291,432.60)	(209,381,000.31)	(330,554,080.71)
Cash Received from Sale of Property, Plant and Equipment	28,101,751.12	16,458,539.30	15,570,481.89	16,721,666.30
Cash Received from Sale of Land not used in Operation	450,000.00	-	450,000.00	-
(Increase)Decrease in Obligated Fixed Deposits	(702,998.43)	(1,676,539.98)	(153,998.43)	(25,539.98)
Net Cash Used from Investing Activities	(1,139,944,328.03)	(1,501,700,107.13)	(472,004,343.58)	(437,932,391.94)

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, 2007 and 2006

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2007	2006 (Restated)	2007	2006 (Restated)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions	(638,758,997.40)	945,427,209.88	(545,000,000.00)	720,000,000.00
Increase(Decrease) in Other Short-Term Loans	1,525,468,562.18	-	1,525,468,562.18	-
Increase(Decrease) in Short-Term Loans due to Subsidiary Companies	-	-	26,500,000.00	(120,000,000.00)
Cash Received from Long-Term Loans	884,700,000.00	761,557,611.60	200,000,000.00	-
Repayment of Long-Term Loans	(474,100,000.00)	(161,500,000.00)	(119,000,000.00)	(120,000,000.00)
Dividend Paid to Parent Company's Shareholders	(341,000,000.00)	(247,983,360.00)	(341,000,000.00)	(247,983,360.00)
Dividend Paid to Minority's Shareholders	(12,289,280.60)	(14,384,579.64)	-	-
Additional Investment from Minority's Shareholders	212,283,229.22	18,922,223.73	-	-
The minority's interest decreased the investment	(16,415,325.00)	-	-	-
Net Cash Received from Financing Activities	1,139,888,188.40	1,302,039,105.57	746,968,562.18	232,016,640.00
Increase (Decrease) from Accumulated Result of Translation Adjustment	(11,054,908.22)	1,943,626.78	-	-
Cash and Cash Equivalents Increase(Decrease) - Net	114,791,494.65	(87,904,827.47)	13,295,921.14	3,511,600.83
Cash and Cash Equivalents at the Beginning of the Period	175,704,340.18	263,609,167.65	18,972,141.69	15,460,540.86
Cash and Cash Equivalents at the End of the Period (Note 27)	290,495,834.83	175,704,340.18	32,268,062.83	18,972,141.69

## Additional Disclosure :

## 1. Cash payment during the period

- Interest Expenses	191,241,141.82	123,354,706.57	112,434,001.56	55,759,845.57
- Corporate Income Tax	253,324,173.67	209,394,873.13	66,991,251.84	108,475,839.32

## 2. For the year ended on October 31, 2007, the Company and its subsidiary companies have material items not affecting cash flow as follows:-

- In the consolidated and the separate financial statements, the Company and its subsidiary companies amortize the depreciations of the revaluation surplus on assets amounting to Baht 195.48 million and Baht 56.16 million respectively.
- In the consolidated financial statements the subsidiary companies wrote off revaluation surplus on assets net from accumulated depreciation for the amount of Baht 13.78 million.
- In the consolidated and the separate financial statements, the Company and its subsidiary companies revaluated the revaluation surplus on assets increased (net) at amount of Baht 1,804.38 million and Baht 655.10 million respectively.
- In the consolidated and the separate financial statements, the Company and its subsidiary companies recognized unrealized gain on available-for-sale securities amounting to Baht 2.10 million and Baht 0.66 million respectively.
- In the consolidated financial statements, subsidiary companies recorded interest expenses as cost of fixed assets at Baht 8.61 million.
- In the consolidated and the separate financial statements, the Company and subsidiary companies transferred depreciation charge to be part of deferred cane plantation cost at amount of Baht 18.79 million and Baht 2.56 million respectively.
- In the consolidated financial statements, subsidiary companies had liabilities form purchase of assets which remained unpaid at amount of Baht 71.04 million.
- In the consolidated financial statements, subsidiary companies acquired vehicles by entering into hire purchase contracts in amount of Baht 2.66 million.
- In the consolidated financial statements, a subsidiary company transferred land to real estate development cost at amount of Baht 14.08 million.
- In the consolidated and the separate financial statements, the Company and a subsidiary company classified land and land not used in operation-net at amount of Baht 3.23 million and Baht 0.65 million respectively.
- In the consolidated financial statements, subsidiary companies has accrued dividend payable to the minority's shareholder at amount of Baht 15.10 million.
- In the separate financial statements, two subsidiary companies declared dividends thus the accrued dividend remains at amount of Baht 143.90 million.
- In the consolidated financial statements, the account receivable – share subscription of a subsidiary company at Baht 12.84 million decreased because the minority's interest has relinquished their right by canceling the payment.
- In the separate financial statements, the Company set off the inter sales-purchases of goods with 3 subsidiary companies at amount of Baht 29.47 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, 2007 and 2006**

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3. 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 separate financial statements, the Company and its subsidiary companies amortize the depreciation of the revaluation surplus on assets at amounts of Baht 203.06 million and Baht 57.70 million respectively.
  - In consolidated financial statement, the subsidiary companies wrote off revaluation surplus on asset net from accumulate depreciation at amount of Baht 0.37 million.
  - In the consolidated and the separate 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 separate financial statements, the Company transferred land 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 separate 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 18.85 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, subsidiary companies purchased an asset by entering into a long-term lease at amount of Baht 2.48 million.
  - In the consolidated and the separate 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, which had not been received.
  - In the consolidated and the separate financial statements, the Company and its subsidiary companies transferred depreciation charge to be part of deferred cane plantation cost at amounts of Baht 1.86 million and Baht 0.64 million respectively.
  - In the separate 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.

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARY COMPANIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2007 AND 2006**

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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, 9<sup>th</sup> Floor, Sriyudahya Road, Ratchathewi, Bangkok and its factory is located at 43 Moo 10, Namphong District, Namphong, Khonkaen Province. The Company's main business is to manufacture and distribute sugar and molasses. Information concerning its employees as at October 31, 2007 and 2006 are as follows:

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Average Number of Employees during Production Season Period (Persons)	3,992	3,522	1,263	1,218
Average Number of Employees during Normal Period (Persons)	2,790	2,247	1,019	891
Employees Expenses (Million Baht)	635.52	536.09	231.00	193.01

2. Basis of Financial Statements Preparation

2.1 The consolidated and the separate financial statements are prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which include the 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 The Federation of Accounting Professionals has issued the Federation of Accounting Professionals announcement no. 9/2550 and 38/2550 (already announced in the Royal Gazettes) and no. 62/2550 (in the process of being announce in the Royal Gazettes) on the Thai Accounting Standards by announcing to apply the Thai Accounting Standard no. 51 on the intangible assets and to apply the following accounting standards instead of the former Thai Accounting Standards which have been revoked

- No. 25 (Amended in 2007) Cash Flow Statements
- No. 29 (Amended in 2007) Rental Contracts
- No. 31 (Amended in 2007) Inventories
- No. 33 (Amended in 2007) Borrowing Costs
- No. 35 (Amended in 2007) Presentation of Financial Statements
- No. 39 (Amended in 2007) Accounting Policies, Changes in Accounting Estimates and Errors
- No. 41 (Amended in 2007) Interim Financial Reporting
- No. 43 (Amended in 2007) Business Combinations
- No. 44 (Amended in 2007) Consolidated And Separate Financial Statements
- No. 45 (Amended in 2007) Investment in Associated Company
- No. 46 (Amended in 2007) Interests in Joint Ventures
- No. 49 (Amended in 2007) Construction Contracts

For the Thai Accounting Standards nos. 44, 45 and 46, which have to apply to the financial statements for the accounting period that commence on or after January 1, 2007 onward, the Company has chosen to change the accounting recording to compliance with the said Thai Accounting Standards for the accounting period ended October 31, 2007; therefore the Company had to retro-adjusted the comparative separate financial statements for the year ended October 31, 2006. The Company has shown the result from the effect of the change in the notes to the financial statements no. 4.

For the remaining Thai Accounting Standards, which have to apply to the financial statements for the accounting period that commence on or after January 1, 2008 . The management of the Company and its subsidiary companies has evaluated an thought the said Thai Accounting Standards would not have material effect on the financial statements for the year the said Thai Accounting Standards have to be applied.

2.3 The financial statements for the year ended October 31, 2006, have been reclassified to correspondence with the accounting classification for the present year and have no effect to the reported net profit or shareholders' equity.

### 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 of trade accounts and notes receivable, farmers account receivable, and loan of cane plantation development 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. 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 Real estate development cost is shown at the lower of cost or net realizable value. This cost consists of land value, earth filling cost, construction cost, utilities development cost and direct expense to secure goods and ready to resale.
- 3.7 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).
- 3.8 Investments
- 3.8.1 Investments in subsidiary companies in the separate financial statements are record under the cost method net by the accumulated allowance for the impairment and record the recognition of the change in the investment in the income statement when the investment is disposed or the impairment of the investment incurred.
- 3.8.2 Investments in associated companies in the consolidated financial statements are recorded by equity method and in the separate financial statements are recorded under the cost method net by the accumulated allowance for the impairment and record the recognition of the change in the

investment in the income statement when the investment is disposed or the impairment of the investment incurred.

- 3.8.3 Long-term investments, which are marketable debt securities and 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 impairment of investment.
- 3.8.4 Long-term investments, which are non marketable equity securities, are recorded as general investments. They are stated at cost and change in value of general investments will be recorded in the income statement when there is a disposal of the investment or the impairment of investment.
- 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. 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 Properties plants and equipments are initially recorded at cost and later stated at fair value, base on valuation by external independent appraisers and 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.

Plant and equipment are shown at fair value net by accumulated depreciation and accumulated allowance for impairment and 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



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.

- 3.11 Land not used in operation are initially recorded by cost method net allowance for accumulated impairment (if any).
- 3.12 Impairment of assets, the Company and subsidiary companies assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and subsidiary companies make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the income statement. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).
- 3.13 Provision - the Company and its subsidiary companies set up the provision when there is a certain possibility of a legally incurred liability from the present or infer from a continuing result from the past incident. The said liability is expected to result in losing the economical beneficial resources to pay for the liability. The amount to be paid is reliable and it is certain that the paid amount on the provision would be repaid back in full or partial amount. The Company and its subsidiary companies would recognize the repayment of the expense as separate asset but not more than the related provision and shown the expense related to the provision in the income statement net from the recognized expense expected to be repaid.
- 3.14 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.
- 3.15 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. This surplus is shown as a separate item in the balance sheet under the shareholders' equity.
- 3.16 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 and Koh Kong Plantation Co.,Ltd. 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.

### 3.17 Inter-Transaction between the related parties and related companies

The related parties and related companies with the Company meant the parties or the companies that have the controlling power to the Company, controlled by the Company either directly or indirectly, or under the same control with the Company, including the holdings companies for the subsidiary company and group companies. Furthermore, the related parties and related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the Company's operation.

### 3.18 Employee benefits

The group companies have set up the provident fund for the type that the contribution plan has already been determined. The provident fund's asset has been separated from the assets of the group companies and manages by an outside fund manager. The said provident fund receives contributions from the employees and the group companies. The contribution from the group companies is recorded as the expense in the income statements for the accounting period the transaction incurred. However, the group companies did not set up the liability for the employee benefits according to the Thai Labor Law.

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

### 3.20 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.

### 3.21 Sectoral Business Operations

The business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

The sectoral business operation is disclosed under the separate business sectors of the group companies.

### 3.22 Financial Instruments

Financial assets reflected in the balance sheet include cash and cash equivalents, trade accounts receivable ,loans due from and other accounts receivable-related and non-related companies and long term investments. Financial liabilities reflected in the balance sheet include trade accounts payable, other accounts payable and loans due to related and non-related companies. The particular accounting policy for each item is respectively disclosed in each related caption.

The Company and its subsidiary companies have utilized the financial instruments to minimize the risk from the foreign exchange rate fluctuation comprise of the forward exchange contracts.

The forward exchange contracts prevent the risk incur from the fluctuation of the foreign exchange rate by determine the future exchange rate which the foreign currency assets and liabilities would be received or paid.

3.23 For accounting estimates required for preparation of financial statements to confirm 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.

#### 4. The change in the accounting policy

4.1 The Company changed the policy for recording of investments in subsidiaries and associated companies in the separate financial statements from the equity method to the cost method with the Federation of Accounting Professions (FAP)'s notification No. 26/2549 dated October 11, 2006 on Accounting Treatment relating to Thailand Accounting Standard (TAS) No. 44 on Consolidated Financial Statements and Accounting for Investment in Subsidiaries (1<sup>st</sup> Amendment), the Federation of Accounting Professions (FAP)'s notification No. 9/2550 dated May 2, 2007 on Accounting Standard. The Company has performed retro-adjustment the comparative financial statements. The Company restated by using original cost as initial cost in investments in subsidiary and associated companies of the separate financial statements. This adjustment caused the net profit in the separate financial statements to differ from that reported in the consolidated financial statements. For the years ended October 31, 2007 and 2006 in the consolidate financial statements had net profit of Baht 835.86 million and 672.93 million respectively. However, the separate financial statements over the same period showed a net profit of Baht 459.31 million and 349.64 million respectively. Therefore, the Company would like to clarify with the additional information about the effects on the said changed the policy for recording as follows: -

1) The effects in the separate balance sheet as at October 31, 2006 are as follows :

<u>Items</u>	<u>Change</u>	<u>Amount</u> <u>(Million Baht)</u>
Investments in subsidiary and associate companies	decrease	(780.60)
Revolution surplus from assets-subsiary companies (net)	decrease	144.59
Unrealized gain on available for sale securities	increase	(0.84)
Accumulated result of translation adjustment	decrease	1.55
Retained earning at the end of the year	decrease	635.30

- 2) The effects on the separate income statement for the year ended October 31, 2006, caused net profit to be decreased by Baht 329.30 million (earning per share is decreased by Baht 0.21 per share). This is because the separate financial statements did not include any participating from investments under equity method in the amount of Baht 443.54 million but included dividend from subsidiary companies in the amount of Baht 114.24 million.
- 3) The effect on the separate shareholders' equity for the year ended October 31, 2006 resulted in the surplus from the asset revaluation - subsidiary companies decreased by Baht 149.24 million, the unrealized gain from available for sale asset increased by Baht 0.16 million and the retained earnings decreased by Baht 305.99 million and shown in 'The accumulative effect from the change in the investment policy in the subsidiary and associated companies'.

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

- 4.2 The Company and its subsidiary companies thus changed the policy in accounting recording on the land not used in operation from the initial value recording at cost and shown at the fair value when the land is evaluated to the initial value recording at cost and in accordance to the Thai Accounting Standards no. 44 (amended 2007) on the consolidated and the separate financial statements which determine the consolidated financial statements to be prepare using the same accounting policy for the same accounting transaction and other events under similar circumstances, resulted effect the balance sheet as at October 31, 2006 as follows: -

<u>Item</u>	<u>Change</u>	<u>Amount (million Baht)</u>	
		<u>Consolidated</u>	<u>Separate</u>
		<u>financial statements</u>	<u>financial statements</u>
1) Land not used in operation	decrease	(159.84)	(159.19)
2) Revolution surplus from assets-Parent companies	decrease	159.19	159.19
3) Surplus from internal restructure of entities under common control	decrease	0.59	-
4) Minority shareholders	decrease	0.06	-

Furthermore, the 2nd and 4th transactions also effected the statements of changes in shareholders' equity for the year ended October 31, 2006 under the caption "accumulated result from change in accounting policy - land not used in operation"

## 5. Basis of Consolidation

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

<u>Company Name</u>	<u>Percentage of</u>		<u>Country of</u>	<u>Kind of Business</u>
	<u>Holding</u>			
	<u>2007</u>	<u>2006</u>		
Thai Sugar Terminal Public Company Limited and its subsidiary companies.	23.82	23.82	Thailand	Locating, silo warehouse and property rental and manufacture and distribution of wheat flour
New Krung Thai Sugar Factory Co., Ltd.	91.06	91.06	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory Co., Ltd.	96.85	96.85	Thailand	Manufacture and distribution of sugar and molasses
K.S.L. Real Estate Co., Ltd.	80.31	80.31	Thailand	Housing and land for agriculture estate including holiday resort for training and seminar center
K.S.L. Export Trading Co., Ltd.	78.63	78.63	Thailand	Export sugar as exporting agent
KSL Chemical Co., Ltd.	100.00	100.00	Thailand	Importer and distributor of chemicals
Khon Kaen Sugar Power Plant Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of electricity
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer
KSL. Agro Co., Ltd.	100.00	100.00	Thailand	Agricultural Operation
Savannakhet Sugar Corporation	97.00	80.00	Laos	Agricultural Operation, Manufacture and distribution of sugar and molasses which is during investment process
Koh Kong Plantation Co.,Ltd.	50.00	-	Cambodia	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.

- 5.2 The accounting periods of subsidiary companies end on the same date as the parent company (accounting period ended on October 31) except the THAI SUGAR TERMINAL PUBLIC COMPANY LIMITED, SAVANNAKHET SUGAR COPRORATION and KOH KONG PLANTATION COMPANY LIMITED, whose accounting period ended on December 31 because of the nature of the business is different from the group company and the legal restriction of the company registered under foreign laws.
- 5.3 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.

## 6. Inter-Transaction between the Related Parties and Companies

The Company and its subsidiary companies hold accounting transaction items with the related parties and 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:-

### 6.1 Inter-Assets and Liabilities

Type of Transaction/Company Name	Relationship	(Unit : Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
- Trade Accounts and Notes Receivable					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	8,500.01	-
Prachaup Industry Co.,Ltd.	Related	-	548,973.18	-	-
Thai Fermentation Industry Co., Ltd.	Related	417,300.00	208,650.00	-	-
Other Related Companies		1,378,124.90	176,274.59	-	-
Total		<u>1,795,424.90</u>	<u>933,897.77</u>	<u>8,500.01</u>	<u>-</u>
- Other Accounts Receivable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,526,943.50	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	963.00	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	642.00	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	664,500.69	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	29,792,108.05	-
Thai Sugar Terminal Public Company Limited	Subsidiary	-	-	36,312.40	-
Savannakhet Sugar Corporation	Subsidiary	-	-	45,680.00	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	12,840.00	-
K. K. Wood Industry Co., Ltd.	Related	232,677.94	-	232,677.94	-
Total		<u>232,677.94</u>	<u>-</u>	<u>32,312,667.58</u>	<u>-</u>
- Accrued Dividend Received					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	94,725,300.25	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	49,174,551.00	-
Total		<u>-</u>	<u>-</u>	<u>143,899,851.25</u>	<u>-</u>
- Cash Advance for Sugar					
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	818,238.33	2,124,773.69
- Advance					
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	1,767,455.69	-
The Company and subsidiary company's Management	Related Persons	-	14,285,682.14	-	13,173,105.14
Total		<u>-</u>	<u>14,285,682.14</u>	<u>1,767,455.69</u>	<u>13,173,105.14</u>
- Share Subscription Receivable					
Ban Pong Intertrade Co., Ltd.	Related	-	12,841,675.00	-	-
- Other Account Payable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	2,141,560.00	-
- Advance Received from Customers for Goods					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	20,436,320.80	-
Thai Fermentation Industry Co., Ltd.	Related	41,083,367.60	95,345,496.00	3,725,132.40	-
Total		<u>41,083,367.60</u>	<u>95,345,496.00</u>	<u>24,161,453.20</u>	<u>-</u>

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
- Trade Accounts and Notes Payable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	13,043,180.89	28,838,319.00
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	19,869,103.22	15,274,996.86
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	1,207,816.00	2,530,282.50
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	12,858,044.84	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	981,408.00
Thai Sugar Terminal Public Company Limited	Subsidiary	-	-	-	134,212.71
Other Related Companies		85,601.99	-	-	-
Total		85,601.99	-	46,978,144.95	47,759,219.07

Advance made to the management of the Company and its subsidiary companies was cash reserve for expenses to be incurred in the investment project under Koh Kong Plantation Co., Ltd.

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
- Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	394,000,000.00	-
Repaid in the period		-	-	(394,000,000.00)	-
Ending balance		-	-	-	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	178,000,000.00	-
Repaid in the period		-	-	(178,000,000.00)	-
Ending balance		-	-	-	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	284,000,000.00	-
Repaid in the period		-	-	(250,000,000.00)	-
Ending balance		-	-	34,000,000.00	-
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	13,600,000.00	5,400,000.00
Increase in the period		-	-	-	8,600,000.00
Repaid in the period		-	-	-	(400,000.00)
Ending balance		-	-	13,600,000.00	13,600,000.00
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	148,000,000.00	-
Repaid in the period		-	-	(148,000,000.00)	-
Ending balance		-	-	-	-

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	22,000,000.00	-
Repaid in the period		-	-	(22,000,000.00)	-
Ending balance		-	-	-	-
KSL Chemical Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	2,000,000.00	-
Repaid in the period		-	-	(2,000,000.00)	-
Ending balance		-	-	-	-
KSL Agro Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	-	75,500,000.00
Repaid in the period		-	-	-	(75,500,000.00)
Ending balance		-	-	-	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		153,167,380.00	129,927,550.00	-	-
Increase in the period		717,180,000.00	408,937,350.00	-	-
Repaid in the period		(774,766,648.78)	(385,697,520.00)	-	-
Ending balance		95,580,731.22	153,167,380.00	-	-
Total		95,580,731.22	153,167,380.00	47,600,000.00	13,600,000.00

As at October 31, 2007 and 2006, loans due from subsidiary and related companies were loans in the form of promissory notes and payable on demand bearing interest rates at 4.08-6.87% and 6.25-6.75% per annum respectively. The loan due from related company was incurred by a subsidiary company borrowing money in the form of packing credit on behalf of the related company as specified in notes to financial statements No. 19.

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
- Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	65,000,000.00	-
Increase in the period		-	-	160,000,000.00	172,000,000.00
Repayment in the period		-	-	(225,000,000.00)	(107,000,000.00)
Ending balance		-	-	-	65,000,000.00
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	211,000,000.00	-
Repayment in the period		-	-	(168,000,000.00)	-
Ending balance		-	-	43,000,000.00	-



(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		As at October 31,		As at October 31,	
		2007	2006	2007	2006
K.S.L. Export Trading Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	660,000,000.00	-
Repayment in the period		-	-	(660,000,000.00)	-
Ending balance		-	-	-	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	185,000,000.00
Increase in the period		-	-	165,500,000.00	115,000,000.00
Repayment in the period		-	-	(117,000,000.00)	(300,000,000.00)
Ending balance		-	-	48,500,000.00	-
TS Transport and Logistics Co., Ltd.	Related				
Beginning balance		-	-	-	-
Increase in the period		1,000,000.00	-	-	-
Repayment in the period		(1,000,000.00)	-	-	-
Ending balance		-	-	-	-
Total		-	-	91,500,000.00	65,000,000.00

As at October 31, 2007 and 2006, loans from subsidiary companies are loans repayable at call and carrying interest rates at 2.75-6.25% and 6.25 - 6.75% per annum respectively.

In the year 2007, loan due to K.S.L. Export Trading Co., Ltd. was in the form of promissory notes repayable on demand and bearing interest rate at 4.00% per annum. This loan was incurred by K.S.L. Export Trading Co., Ltd. borrowing money in the form of packing credit on behalf of the Company which has been fully repaid during the period.

## 6.2 Inter- Revenues-Expenses and Inter -Sales-Purchase assets .

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statement	
		For the Years ended on October 31,			
		2007	2006	2007	2006
- Sales					
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	15,351,440.80	19,254,920.92
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	25,289,745.21	23,961,580.18
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	13,593,018.33	14,668,522.93
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	196,690,066.59	306,376,804.40
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	15,126.17	5,102.81
KSL Chemical Co., Ltd.	Subsidiary	-	-	1,948.60	897.20
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	4,976.64	-
KSL. Agro Co., Ltd.	Subsidiary	-	-	14,509.35	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	649.54	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	7,943.93	-
Thai Fermentation Industry Co., Ltd.	Related	155,479,434.64	194,718,861.93	8,953,608.93	44,002,439.23
Other Related Companies		81,401.40	5,906.54	71,218.45	5,906.54
Total		155,560,836.04	194,724,768.47	259,994,252.54	408,276,174.21

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		For the Years ended on October 31,			
		2007	2006	2007	2006
<b>- Purchases</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	441,366,172.87	426,160,349.39
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	443,859,961.61	212,099,099.12
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	83,663,439.40	121,149,320.21
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	8,454,433.45	10,176,760.00
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	122,525,973.64	-
Thai Fermentation Industry Co., Ltd.	Related	2,778,825.32	1,866,488.00	867,406.32	485,141.00
Total		<u>2,778,825.32</u>	<u>1,866,488.00</u>	<u>1,100,737,387.29</u>	<u>770,070,669.72</u>
<b>- Value of Assets Sold</b>					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,342,424.77	15,243,905.00
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	964,131.13	-
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,426,250.00	-
Total		<u>-</u>	<u>-</u>	<u>3,732,805.90</u>	<u>15,243,905.00</u>
<b>- Dividend received</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	181,331,289.05	114,240,420.35
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	78,679,281.60	-
Total		<u>-</u>	<u>-</u>	<u>260,010,570.65</u>	<u>114,240,420.35</u>
<b>- Other Incomes</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	15,762.25	148,551.41
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	15,594.96	69,551.41
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	262,876.80	2,336.45
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	52,803.77	56,542.09
KSL. Agro Co., Ltd.	Subsidiary	-	-	2,100.00	-
KSL Chemical Co., Ltd.	Subsidiary	-	-	11,214.96	17,757.01
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	39,045,700.79	46,653,587.76
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	217,150,856.40	1,395,662.69
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	524,985.40	437,447.96
Savannakhet Sugar Corporation	Subsidiary	-	-	425,000.00	-
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	3,047,556.26	-
Thai Fermentation Industry Co., Ltd.	Related	241,420.17	311,411.63	80,841.17	68,691.63
On Nuj Construction Co., Ltd.	Related	486,816.00	486,816.00	486,816.00	486,816.00
Chengteh Chinaware (Thailand) Co., Ltd.	Related	1,450,897.20	1,440,000.00	1,450,897.20	1,440,000.00
K. K. Wood Industry Co., Ltd.	Related	1,737,659.56	829,440.00	1,737,659.56	829,440.00
K.S.L. IT Center Co., Ltd.	Related	363,864.98	364,076.16	363,121.48	363,626.16
Amarco Co., Ltd.	Related	33,368.69	18,000.00	33,368.69	18,000.00
KSL Tower Juristic Person	Related	3,490.66	-	3,490.66	-
Prachaup Industry Co.,Ltd.	Related	8,550,936.23	4,670,117.18	-	-
Mitr Kaset Sugar Industry Co., Ltd.	Related	816,481.10	87,864.75	-	-
Eastern Sugar And Sugar Cane Co., Ltd.	Related	295,667.60	162,009.45	-	-
Rajburi Sugar Co., Ltd.	Related	2,290,610.55	850,649.35	-	-
Total		<u>16,271,212.74</u>	<u>9,220,384.52</u>	<u>264,710,646.35</u>	<u>51,988,010.57</u>

(Unit : Baht)

Type of Transaction/Company Name	Relationship	Consolidated financial statements		Separate financial statements	
		For the Years ended on October 31,			
		2007	2006	2007	2006
<b>- Interest Incomes</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	2,724,592.59	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	2,693,372.06	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	4,059,889.30	-
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	823,433.36	438,008.19
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	254,597.26	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	3,393,376.40	-
KSL Chemical Co., Ltd.	Subsidiary	-	-	5,671.24	-
KSL. Agro Co., Ltd.	Subsidiary	-	-	-	738,547.93
<b>Total</b>		<b>-</b>	<b>-</b>	<b>13,954,932.21</b>	<b>1,176,556.12</b>
<b>- Goods Custody and Exporting Fees</b>					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	3,756,682.11	2,036,967.15
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,809,057.89	608,880.12
TS Warehouse Co., Ltd.	Subsidiary	-	-	1,604,921.80	413,134.58
Kerry Siam Seaport Co., Ltd.	Related	6,616,987.97	71,724.15	6,616,987.97	71,724.15
<b>Total</b>		<b>6,616,987.97</b>	<b>71,724.15</b>	<b>14,787,649.77</b>	<b>3,130,706.00</b>
<b>- Other Expenses</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	6,045.00	118,398.92
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	21,616.00	71,736.00
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	9,300.00
K.S.L. Real Estate Co., Ltd.	Subsidiary	-	-	162,435.75	12,006.54
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	7,811,464.82	412,100.00
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1,300,006.88	-
Thai Fermentation Industry Co., Ltd.	Related	110,089.20	148,889.99	37,635.29	96,801.57
K.S.L. IT Center Co., Ltd.	Related	7,077,232.92	5,194,137.32	2,280,813.65	1,505,978.93
Rajburi Sugar Co., Ltd.	Related	183,382.50	99,000.00	-	-
K.S.L. Tower Juristic Person Office	Related	8,331,513.83	8,189,060.85	8,331,513.83	8,189,060.85
Ban Pong Intertrade Co., Ltd.	Related	-	8,428,657.12	-	-
<b>Total</b>		<b>15,702,218.45</b>	<b>22,059,745.28</b>	<b>19,951,531.22</b>	<b>10,415,382.81</b>
<b>- Value of Assets Purchased</b>					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	4,290,000.00	-
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	7,050,871.50	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1,773,500.00	-
		-	-	13,114,371.50	-
<b>- Interest Expenses</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1,662,842.47	1,894,342.45
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	769,479.45	-
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	2,502,027.41	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	560,178.07	5,154,363.02
<b>Total</b>		<b>-</b>	<b>-</b>	<b>5,494,527.40</b>	<b>7,048,705.47</b>

### Policy of Inter-Price Setting

- The inter-swapping goods for export, the Company uses the world market price that the sales-purchase is made for the first time of that year to be the price of sales-purchase of sugar between the Company's group.
- The inter-sales-purchase goods for local sales, the Company has the policy to use mutually agreed price which is higher than cost price .
- Rental income are charged according to follow the normal price charged to general clients.
- The sales-purchase properties plants and equipment are charged according to the mutually agreed agreements which is higher than cost price.
- Revenue from selling of supplies are charged according to the cost.
- Income from land leased out to a subsidiary company was charged according to agreement, of which term is for 30 years, starting from January 25, 2005 until January 24, 2035 at annual fee of Baht 0.11 million to be increased by 10% for every three years. Once the lease is expired, ownership rights on all constructions built on the leased land were vested in the lessor.
- Inter-Service income ,other income and expense are charged according to follow the normal price charged to general clients.
- Fees for goods custody are charged according to the volume of the goods and the custody time, which are general rates in the market.
- The expenses paid on behalf of each other are charged according to actual expenses.

### 6.3 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
TS Transport and Logistics 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 Juristic Person	Shared Owner of Condominium Building
Ban Pong Intertrade Co., Ltd.	Related Company	Same shareholder Group in Subsidiary

Prachuap Industry Co., Ltd. held no part in management of the Company, but is a related company, where some directors of Prachuap Industry Co., Ltd. are also 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.

7. Privileges of Benefits from Promoted Investment

Two domestic subsidiary companies received 2 investment promotion certificates from Board of Investment of Thailand (BOI) and a foreign subsidiary company received the foreign investment certificate from the board of planning and investment, Lao People's Democratic Republic with the following details:-

- 7.1 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 income was first received in January 2006 and for bio-fertilizer in March 2006.
- 7.2 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 and streams. The income was first received in December 2006.
- 7.3 Foreign investment certificate no. 017-06/ Khor Lor Tor. A tax privilege by exempting the corporate income tax for 5 years from the date the income are first derived from the selling of sugar, thereafter the subsidiary company has to pay the corporate income tax at the rate of 20%. As at October 31, 2007, there was no income derived from the said promoted business yet.

8. Trade Accounts and Notes Receivable-Net

Consisted of:

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Accounts Receivable - Local				
Not yet due	326,482,040.81	221,682,497.63	88,310,722.21	99,704,001.24
Not over 30 days	13,311,181.27	10,053,709.71	-	407,006.60
Over 30 days but not over 60 days	6,939,056.57	776,417.28	-	-
Over 60 days but not over 90 days	2,345,440.00	-	-	-
Total	349,077,718.65	232,512,624.62	88,310,722.21	100,111,007.84
Accounts Receivable-Foreign (Not yet due)	69,520,242.59	37,607.76	42,418,026.48	37,607.76
Notes Receivable	13,084,828.44	13,201,443.16	6,369,133.94	78,096.46
Total Accounts and Notes Receivable	431,682,789.68	245,751,675.54	137,097,882.63	100,226,712.06
<u>Less</u> Allowance for Doubtful Debts	(764,486.00)	-	-	-
Net	430,918,303.68	245,751,675.54	137,097,882.63	100,226,712.06

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

Consisted of:

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade Accounts Receivable				
Not yet due	883,651.59	567,282.91	8,500.01	-
Not over 30 days	617,815.20	225,862.78	-	-
Over 30 days but not over 60 days	293,958.11	140,752.08	-	-
Total	1,795,424.90	933,897.77	8,500.01	-

10. Farmer Accounts Receivable - Net

Consisted of:

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Cane Accounts Receivable</b>				
Before Season 2002 / 2003	29,889,068.84	33,063,027.52	397,676.07	397,676.07
Season 2002 / 2003	16,165,075.14	17,271,857.40	-	-
Season 2003 / 2004	6,785,904.92	8,146,945.64	-	-
Season 2004 / 2005	7,712,143.01	9,900,929.48	-	-
Season 2005 / 2006	17,156,281.44	45,158,325.33	-	-
Season 2006 / 2007	15,518,015.18	-	-	-
Total	93,226,488.53	113,541,085.37	397,676.07	397,676.07
<b>Fuel Oil, Fertilizer and Other Service</b>				
Charge Accounts Receivable	5,885,565.61	6,455,831.02	-	-
Total	99,112,054.14	119,996,916.39	-	-
<u>Less</u> Allowance for Doubtful Debts	(70,330,322.39)	(43,709,090.22)	(397,676.07)	(397,676.07)
Net	28,781,731.75	76,287,826.17	-	-

11. Short-Term Loans due from Farmers

As at October 31, 2007 and 2006, these loans consisted of majority portion in the form of post-dated cheques at Baht 338.99 million and Baht 77.25 million respectively where farmers discounted with the Company and its subsidiary companies with interest rate based on lending rate of Bank for Agriculture and Agricultural Cooperatives and another portion in the form of advance paid to farmer.

12. Inventories-Net

Consisted of:

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Refined Sugar	500,008,986.81	579,112,589.30	281,405,516.22	146,621,066.89
White Sugar	445,440,476.61	948,335,501.43	232,227,520.45	438,350,984.35
Raw Sugar	175,640,557.53	9,649,390.87	175,640,557.53	9,649,390.87
Molasses for sale	130,895,855.46	120,238,836.98	76,055,243.26	759,294.90
Molasses for alcohol production	-	64,487,974.98	-	-
Alcohol and fertilizer in process	89,443,585.75	3,913,224.94	-	-
Alcohol and fertilizer	96,432,276.68	24,657,013.73	-	-
Chemical for sale	10,619,673.61	1,468,657.79	-	-
Other raw materials	14,503,562.30	386,368.35	-	-
Factory supplies	85,864,668.63	81,684,557.48	53,682,210.14	58,082,000.36
<b>Total</b>	<b>1,548,849,643.38</b>	<b>1,833,934,115.85</b>	<b>819,011,047.60</b>	<b>653,462,737.37</b>
(Less) Allowance for dilapidated supplies	-	(122,245.00)	-	-
Allowance for the cost value exceeding net realizable value	(8,538,739.93)	-	-	-
<b>Net</b>	<b>1,540,310,903.45</b>	<b>1,833,811,870.85</b>	<b>819,011,047.60</b>	<b>653,462,737.37</b>

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

Consisted of:

(Unit : Baht)

	<u>As at October 31, 2007</u>	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Other Accounts Receivable-Cane Value	572,076,011.18	310,135,022.81
Other Accounts Receivable-Compensation for production and distribution of sugar	246,205,101.42	130,540,716.87
<b>Total</b>	<b>818,281,112.60</b>	<b>440,675,739.68</b>



For the harvest season 2006/2007, the final cane price and the final compensation for the production and distribution of sugar were less than the initial cane price. In accordance to the Sugarcane and sugar act B.E.2527, Section 56 determined that the Cane and Sugar Fund pay the compensation to the Company and its subsidiaries at the amount equal to the different and the cane farmers do not have to return the excess amount of the cane price received. As at October 31, 2007, the different of the amount which the Company and its subsidiary companies paid the initial cane price to the farmer as published in the Royal Gazette, mentioned in the note to the financial statements no. 21 was higher than the final cane price, which the management has estimated, is reflected as the “Account Receivable - Cane Value”. The compensation paid to the Company and its subsidiary companies calculated from the rate differences of the final compensation for the production and distribution of sugar less than the initial price times the amount of the cane entered into the production process reflected in “Other Account Receivable– Compensation for Production and Distribution of Sugar”.

#### 14. Investments in Subsidiary and Associated Companies-Net

Consisted of:

(Unit : Baht)

Company Name	Paid-Up		Percentage of		Consolidated financial statements					
	Share Capital		Shareholding		As at October 31, 2007			As at October 31, 2006		
	2006	2005	2006	2005	Investment			Investment		
	Cost	Equity	Dividend	Cost	Equity	Dividend	Cost	Equity	Dividend	
<u>Associated Company</u>	<u>Thousand Baht</u>		<u>(%)</u>							
Champion Fermentation Co., Ltd.	200,000	150,000	32.50	32.00	73,800,000.00	49,676,382.41	-	56,800,000.00	36,444,807.61	-
Total					73,800,000.00	49,676,382.41	-	56,800,000.00	36,444,807.61	-

(Unit : Baht)

Company Name	Paid-Up Share Capital	Percentage of Shareholding	Investment	
			Cost	Dividend
			As at October 31, 2007	
<u>Subsidiary and Associated Companies</u>	<u>(Thousand Baht)</u>	<u>(%)</u>		
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82	79,108,599.79	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06	306,893,484.58	78,679,281.60
Tamaka Sugar Industry Co., Ltd.	600,000	90.21	523,337,347.61	181,331,289.05
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85	289,284,258.19	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	89,134,074.29	-
K.S.L. Export Trading Co., Ltd.	20,000	33.88	6,775,000.00	-
KSL Chemical Co., Ltd.	7,500	100.00	6,618,488.66	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	399,972,000.00	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	159,985,600.00	-
KSL. Agro Co., Ltd	100,000	100.00	99,999,920.00	-
Savannakhet Sugar Corporation	186,883	97.00	178,763,300.00	-
Koh Kong Plantation Co., Ltd.	180,980	50.00	90,490,250.00	-
Champion Fermentation Co., Ltd.	200,000	32.50	73,800,000.00	-
Total			2,304,162,323.12	260,010,570.65
<u>Plus</u> Advance for share subscriptions - Koh Kong Plantation Co., Ltd.			102,412,000.00	-
- Savannakhet Sugar Corporation			80,573,400.00	-
Total			2,487,147,723.12	260,010,570.65
<u>Less</u> Allowance for impairment of investment			(27,819,624.60)	-
Net			2,459,328,098.52	260,010,570.65

(Unit : Baht)

<u>Company Name</u>	<u>Separate financial statement</u>			
	<u>As at October 31, 2006</u>			
	<u>Investment</u>			
	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Cost</u>	<u>Dividend</u>
	<u>Share Capital</u>	<u>Shareholding</u>		
	<u>(Thousand Baht)</u>	<u>(%)</u>		
<u>Subsidiary and Associated Companies</u>				
Thai Sugar Terminal Public Co., Ltd.	120,000	23.82	79,108,599.79	-
New Krung Thai Sugar Factory Co., Ltd.	472,500	91.06	306,893,484.58	-
Tamaka Sugar Industry Co., Ltd.	600,000	90.21	523,337,347.61	114,240,420.35
New Kwang Soon Lee Sugar Factory Co., Ltd.	220,000	96.85	289,284,258.19	-
K.S.L. Real Estate Co., Ltd.	140,000	80.31	89,134,074.29	-
K.S.L. Export Trading Co., Ltd.	10,000	33.88	3,387,500.00	-
KSL Chemical Co., Ltd.	7,500	100.00	6,618,488.66	-
Khon Kaen Sugar Power Plant Co., Ltd.	400,000	100.00	399,972,000.00	-
Khon Kaen Alcohol Co., Ltd.	160,000	100.00	159,985,600.00	-
KSL. Agro Co., Ltd	100,000	100.00	99,999,920.00	-
Savannakhet Sugar Corporation	124,876	80.00	99,900,800.00	-
Champion Fermentation Co., Ltd.	150,000	32.00	56,800,000.00	-
Total			<u>2,114,422,073.12</u>	<u>114,240,420.35</u>

In the first quarter of 2007, the Company invest in ordinary shares of Koh Kong Plantation Co., Ltd. to apply for a concession of area to plant canes in Koh Kong Province, Kingdom of Cambodia in total of 20,000 hectares covering period of 90 years. The Company's shareholding ratio is 50% amounting to Baht 90.49 million. As at October 31, 2007, the said subsidiary company where increased it share capital. The Company has already paid USD 3.00 million for the share subscription and maintaining the former shareholding ratio and registered the increase share capital on December 12, 2007

In the second quarter of 2006, the Company invest in ordinary shares of SAVANNAKHET SUGAR COPRORATION to build a sugar mill and requested for the concession of the cane growing area in Savannakhet, Lao People's Democratic Republic for the area of 62,500 rais with the concession life of 30 years. The Company's shareholding ratio is 80% at the amount of Baht 46.91 million. From the third quarter of 2006 to the third quarter of 2007, the Company additionally invested another Baht 102.60 million while maintaining the previous shareholding ratio. During the fourth quarter of 2007, the Company additionally invested another Baht 29.25 million thus increased the shareholding ratio from 80.00% to 97.00% and the said subsidiary company has increased the registered share capital and the Company has paid the advance share subscription at USD 2.35 million and the subsidiary company is in the process of register for the increase in the share capital.

In the first quarter of the year 2006, the Company invested in the ordinary shares of KSL Chemical Co., Ltd. thus increase the ratio from formerly 51.00% to 100.00% 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 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 2007, the Company additionally invested in the capital increase ordinary shares of K.S.L. Export Trading Co., Ltd., at Baht 3.39 million, thus its ratio of shareholding remained the same.

In the fourth quarter of the year 2007, the Company additionally invested in the capital increase ordinary shares of Champion Fermentation Co., Ltd., an associated company at Baht 17.00 million, thus increase the ratio from formerly 32.00% to 32.50%.

As at October 31, 2007 and 2006, in the consolidated financial statements, the financial statements of Champion Fermentation Co., Ltd., an associated company, which its investment is recorded under the equity method is the financial statements prepared by the company's management and has not been audited by a certified public accountant. The Company recognized the participate result of the investment of the associated company as the recognized participate loss in the consolidated income statements for the years ended October 31, 2007 and 2006 at Baht 3.77 million and Baht 5.92 million respectively, equal to 0.45% and 0.88% of the consolidated net profit respectively. During the year 2007, the said associated company has changed the policy in recording the investment in subsidiary company to be consistent with the accounting policy of the group companies by performed The Company retro-adjustment to the financial statements for the year ended October 31, 2006. Therefore, the consolidated balance sheet shown the investment account in the associated company and the retained earnings decreased by Baht 12.63 million, the consolidated income statement shown the net profit decreased by Baht 6.02 million and the consolidated statement of change in the shareholders' equity shown the beginning balance of the retained earnings decreased by Baht 6.61 million which is reflected under the caption "accumulated result from the change in the accounting policy on investment in subsidiary companies of associated company".

## 15. Other Long-Term Investments - Net

Consisted of:

Company Name	Kind of Business	Paid-Up		Percentage of Holding				Consolidated financial statements		Separate financial statements	
		Share Capital		%		%		As at October 31,		As at October 31,	
		(Thousand Baht)		Consolidated		Separate		2007	2006	2007	2006
		2007	2006	financial statements	financial statements	2007	2006				
15.1 Available for Sale Securities											
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
- Ratchaburi Egco Holding Public Co., Ltd.								791,700.00	791,700.00	791,700.00	791,700.00
- Finansa Public Co., Ltd.								50,000.00	50,000.00	50,000.00	50,000.00
Add Unrealized Gain on Available for Sale Securities								3,350,070.00	2,525,094.76	3,750,070.00	3,088,320.00
Available for Sale Securities Investment - Net								8,527,950.00	7,702,974.76	4,927,950.00	4,266,200.00
15.2 General Investments											
- T S Flour Mill Co., Ltd. (Formerly "Thai Sugar Intertrade Co., Ltd.")	Warehouse and Manufacture and distribution of wheat flour	400,000	200,000	0.10	0.20	0.10	0.20	393,055.34	393,055.34	393,055.34	393,055.34
- TS Transport and Logistics Co., Ltd. (Formerly "Thai Sugar Transportation Co., Ltd.")	Transportation	1,250	1,250	18.20	18.20	16.20	16.20	235,479.09	235,479.09	210,479.09	210,479.09
- T S G Asset Co., Ltd. (Formerly "Thai Sugar Asset Co., Ltd.")	Silo Warehouse and Property rental	50,000	50,000	4.10	4.10	4.10	4.10	2,061,429.54	2,061,429.54	2,061,429.54	2,061,429.54
- 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
- T S G Property Co., Ltd. (Formerly "Thai Sugar Property Co., Ltd.")	Silo Warehouse	30,000	30,000	4.11	4.11	4.11	4.11	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	4.03	4.03	4.03	4.03	508,543.53	508,543.53	508,543.53	508,543.53
- Thai Sugar Miller Co., Ltd.	Marketing Information Service	109	109	8.00	8.00	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	5.95	5.95	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
Less: Allowance for Impairment of Investments								(659,294.42)	(659,294.42)	(45,144.42)	(45,144.42)
General Investments - Net								59,621,159.41	59,621,159.41	42,522,963.31	42,522,963.31
15.3 Investment in Held-to-Maturity Debt Securities											
- Bond								13,672,290.92	13,265,362.62	6,664,554.88	6,731,987.18
Total other long-term investments - Net								81,821,400.33	80,589,496.79	54,115,468.19	53,521,150.49

As at October 31, 2007 and 2006, the Company and its subsidiary companies used bonds to pledge as guarantee for electricity usage with the Provincial Electricity Authority, which had the book value in the consolidated financial statements of Baht 13.49 million and Baht 13.09 million respectively and in the separate financial statements Baht 6.48 million and Baht 6.55 million respectively.

16. Deferred Cane Plantation Cost - Net

Movement of deferred cane plantation cost for the year ended on October 31, 2007 is as follows:-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Beginning Book Value-Net	82,500,443.97	55,583,573.82
Additional cost during the period		
- Cost of cane plantation	169,484,453.44	43,826,719.57
- Depreciation	18,788,183.27	2,565,177.03
Accumulated cost of canes planted	270,773,080.68	101,975,470.42
Accumulated written-off canes cost	(103,256,288.53)	(78,949,109.83)
Ending Book Value	167,516,792.15	23,026,360.59
Loss from damaged cane	(2,875,425.27)	(281,293.37)
Allowance for accumulated value impairment	(8,391,997.77)	-
Ending Book Value-Net	156,249,369.11	22,745,067.22

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

As at October 31, 2007, at Baht 4.02 million portion of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands and the Baht 123.72 million portion belongs to two subsidiary companies who perform cane plantation on leased land as follows:-

- The first subsidiary company leased the land from the government of the Lao People's Democratic Republic as specified in the notes to the financial statements No. 30.1 at Baht 39.63 million.
- The second subsidiary company leased the land from the government of the Kingdom of Cambodia as specified in the notes to the financial statements No. 30.2 at Baht 84.09 million.

17. Property, Plant and Equipment - Net

Consisted of:

Consolidated financial statements							(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
<b>Cost :</b>							
As at October 31, 2006	901,066,332.16	1,520,898,599.39	5,133,202,479.77	478,386,894.65	302,889,642.57	1,325,580,382.53	9,662,024,331.07
Purchase	183,203,786.85	16,092,772.84	69,144,620.82	129,308,609.10	19,725,971.22	642,282,841.63	1,059,758,602.46
Transfer in	7,139,303.86	280,069,143.98	1,345,848,954.11	9,929,601.96	1,379,866.21	-	1,644,366,870.12
Disposal/Written off	-	(49,819,076.05)	(242,600,480.18)	(10,633,232.68)	(14,662,565.22)	-	(317,715,354.13)
Transfer out	-	-	-	-	-	(1,644,366,870.12)	(1,644,366,870.12)
Reclassified	(1,151,503.50)	(38,963,009.27)	41,796,813.96	(2,071,429.91)	(10,478,038.78)	12,904.50	(10,854,263.00)
As at October 31, 2007	1,090,257,919.37	1,728,278,430.89	6,347,392,388.48	604,920,443.12	298,854,876.00	323,509,258.54	10,393,213,316.40
<b>Accumulated Depreciation :</b>							
As at October 31, 2006	(53,286,966.64)	(846,030,596.74)	(3,902,197,628.34)	(309,119,029.77)	(257,224,806.52)	-	(5,367,859,028.01)
Depreciation for the year	(3,284,584.20)	(61,185,323.93)	(196,494,950.02)	(59,945,182.95)	(14,499,157.71)	-	(335,409,198.81)
Disposal/Written off	-	14,959,899.13	235,551,242.45	8,719,911.17	14,487,615.54	-	273,718,668.29
Reclassified	(6,799,341.75)	14,336,093.82	(18,569,127.95)	583,110.91	10,449,264.97	-	-
As at October 31, 2007	(63,370,892.59)	(877,919,927.72)	(3,881,710,463.86)	(359,761,190.64)	(246,787,083.72)	-	(5,429,549,558.53)
<b>Revaluation Surplus on Assets :</b>							
As at October 31, 2006	1,118,380,979.56	519,432,996.35	2,711,103,866.25	4,658,000.00	22,805,955.42	-	4,376,381,797.58
Increase in the period	219,124,766.90	504,548,151.42	1,267,226,206.02	-	-	-	1,990,899,124.34
Decrease in the period	(83,489,581.30)	(1,564,571.42)	(101,461,811.68)	-	-	-	(186,515,964.40)
Disposal/Written off	-	(24,438,783.61)	(5,557,854.98)	-	(1,087,999.00)	-	(31,084,637.59)
As at October 31, 2007	1,254,016,165.16	997,977,792.74	3,871,310,405.61	4,658,000.00	21,717,956.42	-	6,149,680,319.93
<b>Accumulated Depreciation - Revaluation- Surplus on Assets :</b>							
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)
Depreciation for the year	-	(30,359,125.24)	(161,726,901.56)	-	(3,396,496.09)	-	(195,482,522.89)
Disposal/Written off	-	12,587,813.81	4,289,315.45	-	423,360.29	-	17,300,489.55
As at October 31, 2007	(47,416,771.37)	(267,525,823.02)	(1,268,582,595.73)	(4,658,000.00)	(11,324,663.03)	-	(1,599,507,853.15)
<b>Allowance for Impairment on Assets :</b>							
As at October 31, 2006	(22,193,993.07)	(3,657,412.06)	-	-	-	-	(25,851,405.13)
Increase in the period	(15,560,350.59)	(9,058,296.57)	(7,805,995.37)	-	-	-	(32,424,642.53)
Decrease in the period	20,782,118.07	3,032,479.72	-	-	-	-	23,814,597.79
As at October 31, 2007	(16,972,225.59)	(9,683,228.91)	(7,805,995.37)	-	-	-	(34,461,449.87)
<b>Book Value :</b>							
As at October 31, 2006	1,896,549,580.64	940,889,075.35	2,830,963,708.06	169,267,864.88	60,119,264.24	1,325,580,382.53	7,223,369,875.70
As at October 31, 2007	2,216,514,194.98	1,571,127,243.98	5,060,603,739.13	245,159,252.48	62,461,085.67	323,509,258.54	9,479,374,774.78
<b>Depreciation in Income Statement</b>							
For the Year ended on October 31, 2006							231,544,620.21
For the Year ended on October 31, 2007							316,621,015.54

## Separate financial statements

	(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
<b>Cost :</b>							
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
Purchase	6,056,659.98	5,777,210.79	37,426,699.22	11,560,154.58	3,660,606.09	144,899,669.65	209,381,000.31
Transfer in	-	83,550,381.18	133,662,719.19	3,012,195.11	-	-	220,225,295.48
Disposal	-	(37,127,415.93)	(227,652,274.12)	(418,248.57)	(434,199.13)	-	(265,632,137.75)
Transfer out	-	-	-	-	-	(220,225,295.48)	(220,225,295.48)
Reclassified	10,414,066.00	(27,107,388.26)	17,341,724.26	-	-	-	648,402.00
As at October 31, 2007	268,736,066.38	776,457,210.92	2,284,019,952.51	335,257,026.47	73,382,135.97	112,400,605.67	3,850,252,997.92
<b>Accumulated Depreciation :</b>							
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)
Depreciation for the year	(24,515.05)	(35,479,153.27)	(66,949,942.09)	(29,757,361.92)	(6,195,248.99)	-	(138,406,221.32)
Disposal	-	5,904,784.91	225,950,488.51	414,314.37	314,517.59	-	232,584,105.38
Reclassified	(6,799,341.75)	9,707,967.80	(2,908,626.05)	-	-	-	-
As at October 31, 2007	(6,823,856.80)	(376,449,753.51)	(1,559,862,855.70)	(257,643,255.57)	(55,941,445.69)	-	(2,256,721,167.27)
<b>Revaluation Surplus on Assets :</b>							
As at October 31, 2006	233,627,232.16	149,372,447.31	584,615,289.15	-	-	-	967,614,968.62
Increase in the period	112,179,736.41	304,228,994.79	343,777,218.37	-	-	-	760,185,949.57
Decrease in the period	(29,054,765.48)	(1,491,404.00)	(74,537,795.07)	-	-	-	(105,083,964.55)
Disposal	-	(632,312.15)	(2,035,536.93)	-	-	-	(2,667,849.08)
As at October 31, 2007	316,752,203.09	451,477,725.95	851,819,175.52	-	-	-	1,620,049,104.56
<b>Accumulated Depreciation – Revaluation</b>							
<b>Surplus on Assets :</b>							
As at October 31, 2006	-	(30,660,716.30)	(131,472,914.11)	-	-	-	(162,133,630.41)
Depreciation for the year	-	(9,876,847.70)	(46,284,062.98)	-	-	-	(56,160,910.68)
Disposal	-	172,809.54	1,857,075.31	-	-	-	2,029,884.85
As at October 31, 2007	-	(40,364,754.46)	(175,899,901.78)	-	-	-	(216,264,656.24)
<b>Allowance for Impairment on Assets :</b>							
As at October 31, 2006	(22,193,993.07)	(2,697,256.70)	-	-	-	-	(24,891,249.77)
Increase in the period	(9,037,745.00)	(8,493,288.56)	(5,368,885.06)	-	-	-	(22,899,918.62)
Decrease in the period	20,782,118.07	2,485,072.45	-	-	-	-	23,267,190.52
As at October 31, 2007	(10,449,620.00)	(8,705,472.81)	(5,368,885.06)	-	-	-	(24,523,977.87)
<b>Book Value :</b>							
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
As at October 31, 2007	568,214,792.67	802,414,956.09	1,394,707,485.49	77,613,770.90	17,440,690.28	112,400,605.67	2,972,792,301.10
<b>Depreciation in Income Statement</b>							
For the Year ended on October 31, 2006							120,944,655.93
For the Year ended on October 31, 2007							135,841,044.29

In the consolidated financial statements as at October 31, 2007 and 2006, the Company and its subsidiary companies pledged land together with construction and machinery at cost amount of Baht 1,851.83 million and Baht 3,790.53 million respectively and in the separate financial statements at amount of Baht 90.58 million and Baht 1,412.22 million respectively as collaterals against short-term and long-term credit facilities with commercial banks.

For the years ended October 31, 2007 and 2006, in the consolidated financial statements, the cost of assets included interest expenses of Baht 8.61 million and Baht 18.85 million respectively arisen from long-term loans obtained for construction of factory and machine installation.

As at October 31, 2007 and 2006, buildings and machinery of subsidiary companies for the amounts of Baht 808.00 million and Baht 771.36 million respectively were made on land leased from the parent company for the period of 30 years. The ownership of the buildings at the book value of Baht 76.21 million and Baht 32.54 million respectively when the asset agreement's term expired have transferred to the lessor as mentioned in the note to the financial statements no. 6.2

As at October 31, 2007 and 2006, buildings and factory buildings in construction of a subsidiary company at the book value of Baht 93.46 million and Baht 65.82 million respectively were located on the land leased from another subsidiary company for the rent tenor of 1 year and can be extended for the period of 1 year until the total rental tenor reached 30 years.

As at October 31, 2007 and 2006, in the consolidated financial statements, assets in cost value of Baht 3,376.07 million and Baht 3,383.15 million respectively and in the separate financial statements, of Baht 951.94 million and Baht 1,159.89 million respectively, were fully depreciated but still in use.

During the year 2007, the management of a subsidiary company considered to change its objective in holding investment in properties from formerly for business of rental and sale to for the rental business; thus, in the year 2007, in the consolidated financial statements accounting item of investment in properties was shown as part of property, plant and equipment and the same item in the year 2006 of Baht 75.86 million was reclassified for comparison. The accounting policy as used is to initially show this investment item at cost less by accumulated depreciation of which method is based on a straight-line basis over the useful life of 5-20 years which is not different from those used for property, plant and equipment.

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

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



From the said appraisal resulted in the consolidated and the separate financial statements has the surplus from asset revaluation increased by Baht 1,990.90 million and Baht 760.19 million respectively, the surplus from asset revaluation decreased by Baht 186.52 million and Baht 105.08 million respectively. Furthermore, it also resulted in the allowance for the impairment of asset increased by Baht 32.42 million and Baht 22.90 million respectively and the reversal of the loss from impairment of asset at Baht 23.81 million and Baht 23.27 million from the increase and decrease of the market price of the asset in the current situation.

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, 2007 and 2006 in the consolidated financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 209.27 million and Baht 205.57 million respectively and in the separate financial statements, there appeared depreciation of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 56.80 million and Baht 57.70 million respectively.

If the Company and subsidiary companies choose to account for depreciation for capital surplus through the income statement, the net profit for the years ended October 31, 2007 and 2006 in the consolidated financial statements will be shown at less amount of Baht 209.27 million and Baht 205.57 million respectively, and earning per share lowered by Baht 0.14 per share and Baht 0.13 per share respectively and in the separate financial statements the net profit for the years ended October 31, 2007 and 2006, will be shown at less amount of Baht 56.80 million and Baht 57.70 million respectively, and earnings per share lowered by Baht 0.04 per share in both years.

18. Loans for Cane Plantation Development-Net

Consisted of :

	(Unit : Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>
Loans for Cane Plantation Development	135,405,582.38	163,118,668.21
<u>Less</u> Allowance for Doubtful Debts	(5,915,480.55)	-
Net	<u>129,490,101.83</u>	<u>163,118,668.21</u>

As at October 31, 2007 and 2006, 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 for both years. Most of farmers used land and vehicle as collaterals.

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

Consisted of:

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bank Overdrafts	3,639,990.65	4,109,235.15	-	-
Loans due to Financial Institutions	548,000,000.00	933,000,000.00	300,000,000.00	845,000,000.00
Packing Credit	95,580,731.22	153,167,380.00	-	-
Trust Receipt	-	195,703,104.12	-	-
Total	<u>647,220,721.87</u>	<u>1,285,979,719.27</u>	<u>300,000,000.00</u>	<u>845,000,000.00</u>

In the consolidated and the separate financial statements as at October 31, 2007 and 2006, bank overdrafts at the credit line of Baht 562.00 million and Baht 540.00 million respectively, carrying interest rate is the same at MOR per annum for both years.

In the consolidated and the separate financial statements as at October 31, 2007 and 2006, loans due to financial institutions are loans in the form of promissory notes at the credit line of Baht 3,835.00 million and Baht 2,945.00 million respectively with the maturity period ranged from 3-6 months, carrying interest rates of 3.625-4.58% and 5.375-6.75% per annum respectively.

In the consolidated financial statements as at October 31, 2006, trust receipts payable carrying interest rates of MLR-1.00% to SIBOR+2.00% per annum .

Bank overdrafts, short-term loans due to financial institutions and trust receipt were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of construction as collaterals, there are inter-guarantees offered and the subsidiary companies' directors also participated in guarantee against the credit facilities. 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.

Packing credits payable is a loan agreement of a subsidiary company with a commercial bank for the benefit of the Company, subsidiary and related companies, which is required to issue a promissory note to pay the amount equivalent to that of the packing credit loan for keeping as a collateral (as specified in the notes to the financial statements no. 6.1). This remaining loan has the following details:-

- The remaining principal balance is in the consolidated financial statements as at October 31, 2007 and 2006 at amounts of Baht 66.50 million and Baht 76.28 million respectively is required to be repaid within the year

2015. Those who give credit facilities reserve right to alter the repayment period of the principal annually. Land together with construction, machines and bank deposit of the related company were pledged as collaterals, and also the subsidiary company's directors and related persons took part in pledging guarantees.

- The remaining principal balance in the consolidated financial statements as at October 31, 2007 and 2006 at amounts of Baht 29.08 million and Baht 76.89 million respectively was charged interest rate at MLR-1% and MLR% per annum respectively guaranteed by the related company's goods.

## 20. Other Short-Term Loans- Net

As at October 31, 2007, the Company issued unsecured short-term bills of exchange with discount rates approximately 3.42-5.15% per annum with the details as follows:-

(Unit : Baht)

<u>Consolidated financial statements /Separate financial statements</u>						
<u>Bill of</u>	<u>Code</u>	<u>Term (Days)</u>	<u>Maturity date</u>	<u>Par Value</u>	<u>Prepaid Interest</u>	<u>Net</u>
<u>Exchange No.</u>						
14/2550	KSL1AD7	270	Dec 11, 2007	250,000,000.00	1,393,159.10	248,606,840.90
19/2550	KSL1H77	186	Nov 27, 2007	300,000,000.00	822,996.36	299,177,003.64
23/2550	KSL1BN7	89	Nov 21, 2007	300,000,000.00	580,326.29	299,419,673.71
24/2550	KSL1CN7	89	Nov 26, 2007	380,000,000.00	904,773.46	379,095,226.54
25/2550	KSL1DN7	91	Nov 28, 2007	200,000,000.00	514,241.91	199,485,758.09
26/2550	KSL1BD7	89	Dec 4, 2007	100,000,000.00	315,940.70	99,684,059.30
Total				<u>1,530,000,000.00</u>	<u>4,531,437.82</u>	<u>1,525,468,562.18</u>

## 21. Trade Accounts and Notes Payable

Consisted of:

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Trade Accounts Payable-Cane purchase	-	301,550,103.71	-	90,005,803.59
Trade Accounts Payable	140,553,091.34	191,609,689.53	136,671,189.26	116,120,076.23
Notes Payable	15,196,847.81	13,439,466.23	13,645,990.76	11,856,372.18
Total	<u>155,749,939.15</u>	<u>506,599,259.47</u>	<u>150,317,180.02</u>	<u>217,982,252.00</u>

As at October 31, 2007, the Company and three subsidiary companies purchased canes for production season 2006/2007 using announced initial cane price for production season 2006/2007 as published in the Royal Gazette dated January 19, 2007. This price is Baht 800 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 48.00 per cane ton. Until the date of the auditor's report, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2006/2007, which the management of the Company and its subsidiary companies expect that the final cane price will be lower than the initial price and therefore calculate the cost of goods sold and inventories for the year ended October 31, 2007 from estimation by the management of the Company and its subsidiary companies at cane price of Baht 780.66-831.25 per cane ton with average sweetness level at 10.50-12.49 c.c.s. The difference of these two prices was booked as other accounts receivable – cane value as specified in notes to financial statements No. 13.

As at October 31, 2006, the Office of Cane and Sugar Board has not yet announced the final cane price for the production season 2005/2006, therefore the Company and 3 subsidiary companies recorded the “trade account payable – cane value” and calculated the cost of sales and inventory as at October 31, 2006 from the final cane price estimated by the management of the Company and its subsidiary companies. During the first quarter of 2007, the Office of Cane and Sugar Board published the final cane price for the production season 2005/2006 in the Royal Gazette dated December 29, 2006 and there was no difference in the published final cane price and the estimate made by the management of the Company and its subsidiary companies.

## 22. Accrued Stabilization Function Payment

As at October 31, 2007 and 2006, 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.

## 23. Long-Term Loans

Consisted of:

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Loans due to Commercial Banks	1,319,053,731.60	908,453,731.60	116,000,000.00	35,000,000.00
<u>Less</u> Current Portion of Long-Term Loans	(203,500,000.00)	(85,100,000.00)	(116,000,000.00)	(35,000,000.00)
Net	1,115,553,731.60	823,353,731.60	-	-

Movement of long-term loans for the year ended on October 31, 2007 is as follows: -

	<u>Consolidated</u> <u>financial statements</u>	<u>Separate</u> <u>financial statements</u>
Beginning book value balance	908,453,731.60	35,000,000.00
Increase in the Period	884,700,000.00	200,000,000.00
Repayment in the Period	(474,100,000.00)	(119,000,000.00)
Ending book value balance	<u>1,319,053,731.60</u>	<u>116,000,000.00</u>

In the consolidated and the separate financial statements as at October 31, 2007 and 2006, the Company and its subsidiary companies obtained loans from four commercial banks with interest rates at FIX 12 M +2.25 to MLR-1.00% per annum and at 3.50 to MLR-1.25% per annum respectively. The credit facilities obtained can be classified in to 10 credit lines with the important covenants as follows:-

- The first credit line: the parent company's principal limit of the credit line is Baht 490.00 million with the remaining balance of principal as at October 31, 2006 of Baht 35.00 million. The repayment period is 4 years since the date of first withdrawal of the loan, which is repayable every 6 months. The first installment is to be made on June 2004 until June 2007 for the total of 7 installments at amount of Baht 60.00 million each. The final installment is to be made on December 2007 at Baht 35.00 million. The interest is monthly repayable. The Company pledged a part of machinery and equipment as collateral. On December 29, 2006, this amount of loan was fully repaid and redeemed all of the guarantee obligations.
- The second credit line: the parent company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at October 31, 2007 of Baht 116.00 million, which has to be repaid by August 31, 2008, repayable every three months commencing from March 2007 until June 2008 in total of 6 installments at Baht 28.00 million each and the final installment with Baht 32.00 million repayment made in August 2008. Interest has to be paid at the end of each month and no securities were required but the following conditions have to be followed:-
  - The Company shall not alter any significant matters to affect of change the status of the Company being a limited public company.
  - The Company must maintain the proportion of shareholding of the major shareholders group, both directly and indirectly not less than 50% of the total shares of the Company.
  - The Company must maintain the ratio of total liabilities to shareholders' equity lower than 1:1.

- The third credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at October 31, 2006 of Baht 0.10 million. The interest is payable at the end of each month. The subsidiary company pledged land together with construction and machinery as collateral against this credit facility. The principal is repayable full installment is to be made on March 2007.
- The fourth credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at October 31, 2007 and 2006 of Baht 200.00 million for both years. The principal has a grace period of 2 years 6 months from the date of the first withdrawal (July 19, 2005). Afterwards, the repayment has to be made six-monthly, totaling 10 installments. The repayment for 1<sup>st</sup> to 9<sup>th</sup> installment is at Baht 20.00 million per installment. The remaining principal must be repaid on the 10<sup>th</sup> installment. The interest is monthly repayable. The subsidiary company pledged all land together with construction and all machinery of the project as collaterals and transfer the right of insurance claim to the lender this loan has following important conditions :-
  - The subsidiary company must have the registered capital at not less than Baht 100.00 million and the paid-up capital must be not less than 25% prior to or at the date of the first withdrawal of the loan.
  - The parent company must maintain the shareholding proportion in the said subsidiary company at the rate not less than 85% of the issued and paid-up share capital though out the period of the loan.
  - The subsidiary company is not able to pay dividend except when it can repay the principal and interest according to the agreement.
  - Except loans from shareholders or companies within the group, the subsidiary company must not enter into additional long-term loan agreements unless it has obtained prior approval from the lending bank.
- The fifth credit line: a subsidiary company's principal limit of the credit line is Baht 500.00 million with the remaining balance of the principal as at October 31, 2007 and 2006 of Baht 358.05 million and Baht 272.35 million respectively. The principal has a grace period of 3 years 6 months from the date of the first withdrawal (December 30, 2005). Afterwards, the repayments are to be made at six-monthly totaling 14 installments. The repayment for 1<sup>st</sup> to 13<sup>th</sup> installment is at Baht 57.50 million. The remaining principal must be repaid on the 14<sup>th</sup> installment. The interest is monthly repayable. This loan has following important conditions:
  - The subsidiary company must hand over the leasehold right of the factory land to the bank where the land leasehold period must be not less than 30 years.
  - The subsidiary company has to register the pledge of construction which the company will have in the future and machinery of the project with the principal of pledge at Baht 1,000 million to be completed within 2 years from the date of the first withdrawal.
  - The parent company has to fully guaranteed against any form of credit facility.
  - The subsidiary company, with the lending bank as its beneficiary, has to insure the constructions and machinery. The highest insured value must be equal to the value acceptable by the insurance company.

- The sixth credit line: a subsidiary company's principal limit of the credit line is Baht 300.00 million with the remaining balance of the principal as at October 31, 2007 and 2006 of Baht 240.00 million and Baht 295.00 million respectively. The principal period is repayable every 6 months. The first installment is to be made on September 2006 until March 2012 for the total of 12 installments. The repayment for 1<sup>st</sup> - 2<sup>nd</sup> installment is at Baht 5.00 million, 3<sup>rd</sup> - 4<sup>th</sup> installment is at Baht 25.00 million, 5<sup>th</sup> - 8<sup>th</sup> installment is at Baht 27.50 million, 9<sup>th</sup> - 10<sup>th</sup> installment is at Baht 30.00 million and 11<sup>th</sup> - 12<sup>th</sup> installment is at Baht 35.00 million. The interest is monthly repayable. The subsidiary company pledged land together with construction and machinery as collateral against credit facility.
- The seventh credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principal as at October 31, 2007 and 2006 of Baht 125.00 million and Baht 65.00 million respectively. Interest is payable every three months and repayment of the principal loan to be made twice every year for the total of 12 installments within May 31 and November 30 of each year. Installments of principal repayment are uneven ranging from Baht 5.00-30.00 million commencing from the first installment on May 31, 2009 and the last one within November 30, 2014. The parent company has guaranteed for the full amount.
- The eighth credit line: a subsidiary company's principal limit of the credit line is Baht 100.00 million with the remaining balance of the 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 the total of 10 installments at Baht 10.00 million each with the first installment falls on the last working day of the sixth month since the first withdrawal of the loan (August 7, 2006) and full repayment completed within five years since the first withdrawal of the loan. The subsidiary company's land together with construction on it was pledged as collateral. In the year 2007, the Company has completely repaid the said loan before the due date and redeemed all of the guarantee obligations
- The ninth credit line: a subsidiary company's principal limit of the credit line is Baht 200.00 million with the remaining balance of the principle as at October 31, 2007 of Baht 200.00 million. The principal must be repaid on six-monthly installments in total of 10 installments at Baht 20.00 million per installment. The first installment must be made in December 2008. The interest is payable at the end of each month.
- The tenth credit line: a subsidiary company's principal limit of the credit line is Baht 80.00 million with the remaining balance of the principle as at October 31, 2007 of Baht 80.00 million. The principal must be repaid on six-monthly installments in total of 8 installments at Baht 10.00 million per installment. The first installment must be made in January 2008. The interest is payable at the end of each month.

Principal limit of the ninth and tenth credit line are guaranteed by the mortgage registration of land together with the warehouse building, factory plant building, machines, the leasehold right of the land where the factory is located of the subsidiary companies at the total book value of Baht 504.71 million. The guarantee included the fire insurance for the constructions and machines with the equipments at the maximum limit accepted by the insurance company. The Company forfeits the benefit from the insurance to the bank as the beneficiary. The other material terms of the credit facility agreements are: -

- The subsidiary company must maintain the debt to equity to not exceeding 1 : 1
- The subsidiary company must maintain the debt service coverage ratio at not less than 1.2 : 1

24. 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, 2007 is as follows: -

	<u>Revaluation Surplus on</u>	<u>Discount from Internal Restructure</u>	(Unit : Baht)
	<u>Assets-Subsidiary Companies</u>	<u>of Entities under Common Control</u>	<u>Net</u>
Beginning balance	1,386,987,691.42	(263,643,310.39)	1,123,344,381.03
Increase in the period	1,073,976,313.56	-	1,073,976,313.56
Decrease in the period	(148,147,974.05)	-	(148,147,974.05)
Ending balance	2,312,816,030.93	(263,643,310.39)	2,049,172,720.54

During the period, the surplus from the internal restructure of entities under common control increased by Baht 1,073.98 million incurred from the subsidiary company's revision of the revaluation of land together with construction and machinery which obtained prior to the new merging of the entities with the same existing shareholders and the mutual management team as mentioned in the note to the financial statements no. 17.

25. Dividend Paid and Legal Reserve

In accordance with the minutes of the annual shareholders' general meeting No. 1/2550 held on February 27, 2007, it was unanimously resolved to appropriate Baht 30.20 million from net profit in 2006, and to pay dividends from operating result of the Company from November 1, 2005 to October 31, 2006 at the rate of Baht 0.22 per share totaling Baht 341.00 million. The dividend had been paid to shareholders on March 27, 2007.



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

In the fourth quarter of the year 2007, the Company had appropriated net profit for the year 2007 as a legal reserve in amount of Baht 23.00 million under the Public Companies Act.

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. This legal reserve can not be used for paying dividends.

## 26. Corporate Income Tax

The corporate income tax of the Company and its subsidiary company, which listed in the stock exchange, calculate at the rate of 25% of the profit before tax for the profit not exceeding Baht 300 million and 30% for the part of the profit exceeding Baht 300 million after adding back the provision and non-tax allowable expenses less than the dividend exempted from including in the revenue. The said tax rates are in accordance with the Royal Decree no. 387 (B.E. 2544) dated August 28, 2001 issued under the Revenue Code Governing Exemption from Revenue Taxes .

The corporate income tax of other subsidiary companies calculate at the rate of 15-30% of the profit not receiving tax privilege from the investment promotion before tax and adding back the provision and the non-tax allowable expense in the tax calculation less the dividend received from the limited companies registered under Thai laws which the dividends exempted from including in the revenue.

## 27. Cash and Cash Equivalents

Consisted of: -

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and Deposits at Financial Institutions	290,495,834.83	151,704,340.18	32,268,062.83	18,972,141.69
Short-Term Investments				
- Promissory Notes	-	24,000,000.00	-	-
- Investment in marketable securities	4,666,439.64	5,734,022.50	-	-
<u>Less</u> Adjustment of investments to fair value	(1,688,439.64)	(2,962,422.50)	-	-
Total Short-Term Investments	2,978,000.00	26,771,600.00	-	-
Total	293,473,834.83	178,475,940.18	32,268,062.83	18,972,141.69
<u>Less</u> Investment in marketable securities-Net	(2,978,000.00)	(2,771,600.00)	-	-
Net Cash and Cash Equivalents	290,495,834.83	175,704,340.18	32,268,062.83	18,972,141.69

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

## 28. Disclosure of Sectoral Business Operations

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

Details of the sectoral business operation are as follows:-

### Consolidated financial statements

For the years ended on October 31, 2007 and 2006

	(Unit : million Baht)															
	Manufacture and Distribution of Sugar And molasses			Manufacture and Distribution of Alcohol			Manufacture and sale of Electricity		Real Estate Rental		Wheat Flour		Others		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>Thai</u>	<u>Laos</u>	<u>Cambodia</u>													
Net Sales and Services – Domestic	3,337	-	-	3,127	337	594	315	8	217	132	224	-	62	3	4,492	3,864
Net Sales and Services - Foreign	4,604	-	-	2,635	12	-	-	-	-	-	-	-	12	-	4,628	2,635
Total	7,941	-	-	5,762	349	594	315	8	217	132	224	-	74	3	9,120	6,499
Profit (loss) from Operation	1,184	(18)	(5)	804	45	229	141	3	93	49	24	-	(30)	(54)	1,434	1,031
Interest Expenses															(184)	(109)
Corporate Income Tax															(328)	(213)
Profit after Interest Expenses and Corporate Income Tax															922	709
<u>(Less)</u> Add Net (Profit) Loss of Parent Company before Acquisition of Shares															3	(3)
<u>Less</u> Net Profit of Minority Shareholders															(89)	(33)
Net Profit of Khon Kaen Sugar Industry Public Company Limited															836	673
Property Plant and Equipment-Net as at October 31	6,014	128	192	4,453	332	363	811	773	1,223	1,365	447	-	332	269	9,479	7,223
Central Assets	3,534	112	203	2,752	162	149	74	11	122	256	201	-	170	282	4,578	3,450
Total Assets as at October 31	9,548	240	395	7,205	494	512	885	784	1,345	1,621	648	-	502	551	14,057	10,673

## 29. Obligations and Contingent Liabilities

As at October 31, 2007 and 2006, apart from liabilities reflected in the balance sheets, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

29.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered as in the consolidated financial statements for the amounts of Baht 2,230.94 million and Baht 2,101.24 million respectively and as in the separate financial statements for Baht 1,731.46 million and Baht 1,028.91 million respectively.

29.2 As at October 31, 2007, the Company and three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2007/2008 at the total of Baht 452.21 million and as in the separate financial statements for Baht 47.18 million and as at October 31, 2006, the Company and three subsidiary companies had issued post-dated cheques to farmers to purchase cane for the production season 2006/2007 at total of Baht 419.58 million and as in the separate financial statements for Baht 46.88 million. The Company and the subsidiary companies have not recorded the said liabilities as the cheques are not yet due and the cane of the said production season has not been received from farmers.

29.3 The Company and its subsidiary companies had unutilized credit lines of bank overdrafts , short term and long term loans from commercial banks with the limits as in the consolidated financial statements of Baht 6,452.31 million and Baht 5,771.54 million respectively and as in the separate financial statements of Baht 2,058.00 million and Baht 1,408.00 million respectively. These credit lines were pledged with fixed deposits, land together with constructions, part of machinery and leasehold right of construction as collaterals. The Company and its subsidiary companies offered their cross-guarantee and the subsidiary companies' directors also participated in guarantee against the credit facilities. Furthermore when the particular credit lines have been drawn, the Company and its subsidiary companies must additionally pledge parts of their inventories as collaterals.

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

	(Unit : Million Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
For the production season 2004/2005	79.56	79.56	42.98	42.98

29.5 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 per month). The subsidiary company had commenced to sell electricity to EGAT since December 26, 2006.

29.6

		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
	<u>Foreign Currency</u>	<u>As at October 31,</u>		<u>As at October 31,</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Letters of Credits used	Million Baht	100.00	408.34	-	-
Letters of Guarantees used	Million Baht	58.58	93.32	1.73	1.33

29.7 In the consolidated and the separate 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 financial statements</u>			
	<u>As at October 31,</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Million USD</u>	<u>Million Baht</u>	<u>Million USD</u>	<u>Million Baht</u>
Letter of Credit	-	292.00	0.01	525.16
Forward Contracts	29.00	200.00	20.00	527.80
Letters of Guarantees	-	46.89	-	114.11
Packing Credit	-	1,720.92	-	333.12
Aval	-	30.00	-	30.00

	<u>Separate financial statements</u>	
	<u>As at October 31,</u>	
	<u>2007</u>	<u>2006</u>
	<u>Million Baht</u>	<u>Million Baht</u>
Letter of Credit	30.00	55.00
Letters of Guarantees	25.00	30.00

Apart from these, the Company entered into an agreement to guarantee for the debt payment of the subsidiary companies for every type of debt that may occur in the future with a commercial bank at the limit of Baht 2,945.00 million and US\$ 9 million as at October 31, 2007 and Baht 3,981.00 million as at October 31, 2006.

29.8 As at October 31, 2007, five subsidiary companies entered into an agreement of construction and decoration of new factory totaling amount at Baht 437.29 million, the subsidiary companies have remaining obligations under the contracts of Baht 35.02 million.

29.9 As at October 31, 2007, a subsidiary company entered into an agreement to purchase forward organic cane with an organic farmers group to rehabilitate natural environment at Bo Look Rung Village. Under the agreement, the subsidiary company agreed to purchase 3,500 metric ton of fresh cane or fresh cane in the area of 198 rais at price not less than the initial price as announced the Cane and Sugar Board and to deliver cane in season 2007/2008.

### 30. Other Significant Information

- 30.1 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 annum.
- 30.2 In accordance to minutes of the Company's meeting of the executive board no. 8/2549 held on July 28, 2006, it resolved for the Company to invest in ordinary shares of Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. at the rate of 50% in each company for the total 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 and the rental price has a grace period of the first 4 years, afterwards, the rate of rental price of USD 1 - 4 per hectare per annum. At present, it is in the process of fixing the area so that the rental price can be calculated.
- 30.3 In accordance with the minutes of the annual shareholders' general meeting No. 1/2550 held on February 27, 2007, authority is given for issuance and proposal for sale of debt instruments in various forms at one time for full amount and/or several times and /or as a project depending on judgment and necessity for use of fund of the Company. The limitary total amount for this issuance is not more than Baht 10,000.00 million with the following conditions:
- 1) Category of debts instruments: with or without securities, subordinated or non-subordinated, convertible or non-convertible, specified names of debt-holders with or without representatives (in case of debenture)
  - 2) Thai Baht currency or equivalent foreign currency using exchange rate at times of issuance each time
  - 3) Proposed sale value is equal to principal amount of issued debt instruments which must not be more than Baht 10,000 million.
  - 4) The maturity period should not be more than 20 years.

### 31. Financial Instruments

#### Policy to manage financial risk

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

#### Risk on Interest Rate

Risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company and its subsidiary companies operating results and cash flows, 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, 2007 and 2006, the Company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

				<u>Consolidated financial statements</u>	
				<u>As at October 31,</u>	
	<u>Foreign Currency</u>	<u>2007</u>	<u>2006</u>		
Assets	Million US Dollar	6.01	0.01		
Liabilities	Million US Dollar	4.27	-		
	Million Japanese yen	14.69	147.00		
				<u>Separate financial statements</u>	
				<u>As at October 31,</u>	
	<u>Foreign Currency</u>	<u>2007</u>	<u>2006</u>		
Assets	Million US Dollar	1.29	0.01		
Liabilities	Million US Dollar	0.53	-		

As at October 31, 2007, a subsidiary company conducted a forward sale contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency. The subsidiary company has not recorded such financial liability in the financial statements. The due date for payment of the forward contract already committed has outstanding period of not greater than 6 months with the following details :-

<u>Consolidated Financial Statements</u>		
<u>Amount fixed in contract</u>	<u>Amount earned in contract</u>	<u>Fair value at the period end</u>
<u>'000 USD</u>	<u>'000 BAHT</u>	<u>'000 BAHT</u>
2,261	76,524	76,623

#### Credit Risk

The Company and its subsidiary companies have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans due from farmers and loans due from related persons and related companies and other accounts receivable. However, since the Company and its subsidiary companies pursue conservative lending policy and the numbers of debtors are several, the Company and its subsidiary companies do not anticipate any material damage from debt collections.

#### Fair Value

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

#### 32. Provident Fund

The Company and five of its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiary companies and their employees contributed to the fund monthly at the rate of 2.00% of basic salary. The fund, which is managed by Ayudhya Fund Management Co., Ltd. will be paid to the employees upon termination in accordance with the fund rules. During the years ended October 31, 2007 and 2006, in the consolidated financial statements the Company and its subsidiary companies contributed amounted to approximately Baht 5.15 million and Baht 4.76 million respectively and in the separate financial statement, the Company contributed amounted to approximately Baht 1.97 million and Baht 1.86 million respectively.

33. Subsequent events

On November 19, 2007, the Company issued the 2 set of debentures with the name certificate, unsecured and un-subordinate debenture. The first set of the debenture have 1,000,000 units at the par value of Baht 1,000, aggregating to Baht 1,000 million with the interest rate of 4.94% per annum with the maturity date of 3 years after the issuance date. The second set of the debenture have 500,000 units at the par value of Baht 1,000, aggregating to Baht 500 million with the interest rate of 5.44% per annum with the maturity date of 5 years after the issuance date.

In accordance with the minutes of Extraordinary shareholders' meeting of a subsidiary company no. 1/2550 on November 12, 2007, it was unanimously resolved to increase the registered share capital of the subsidiary company by issuance of 28 million ordinary share at Baht 280.00 million from the formerly issued and paid up share capital of Baht 220.00 million (22 million ordinary shares at Baht 10.00 per share) aggregating to Baht 500.00 million (50 million ordinary shares at Baht 10.00 per share) to be used as the working capital of the company.

34. Approved of Financial Statements

These financial statements have been approved for issuance by the Company's board of directors on December 21, 2007.

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