

## **AUDITOR'S REPORT**

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

I have audited the accompanying consolidated and the separate balance sheets as at October 31, 2009 and 2008, the related consolidated and the separate statements of income, changes in shareholders' equity and cash flows for the years ended October 31, 2009 and 2008 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. As at October 31, 2009 I have not audited the financial statements of the six local subsidiary companies and three foreign subsidiary companies (as at October 31, 2008 only three foreign subsidiary companies) which are consolidated in the said consolidated financial statements. As at October 31, 2009 and 2008, the financial statements of these subsidiary companies disclosed the total assets of Baht 6,632.50 million and Baht 3,403.62 million respectively, and for the year ended October 31, 2009 and 2008, showed the total revenues of Baht 1,512.72 million and Baht 30.22 million respectively, and total net loss of Baht 152.09 million and Baht 34.97 million respectively. The financial statements of the said these subsidiary companies have been audited by other certified auditors. I have already received the reports of those other certified auditors and my report in relation to amounts of various items in the subsidiaries, which are included in the consolidated financial statements, are based on the reports of those other certified auditors.

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, evidences 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 together with the reports of other auditors mentioned in the first paragraph provide reasonable basics for my opinion.

In my opinion, basing on my audit and other auditors' reports mentioned in the first paragraph, the consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial positions as at October 31, 2009 and 2008, the consolidated and the separate operating results and the consolidated and the separate cash flows for the years ended October 31, 2009 and 2008 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

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

(Miss Praphasri Leelasupha)

Certified Public Accountant Registration No. 4664

Bangkok,

December 25, 2009

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

## BALANCE SHEETS

As at October 31, 2009 and 2008

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2009	2008	2009	2008
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalent Items		267,015,082.31	507,380,223.72	29,791,532.91	18,061,454.83
Short-Term Investments-Net	7	168,221,134.26	1,333,500.00	-	-
Trade Accounts and Notes Receivable-Net	8	597,183,228.17	699,189,684.71	125,015,205.38	270,643,400.64
Trade Accounts Receivable-Subsidiary and Related Companies	5.1 and 9	2,574,972.47	2,846,297.85	-	12,053,342.83
Farmer Accounts Receivable-Net	10	12,347,593.60	29,541,595.83	-	-
Current Portion of Loans for Cane Plantation Development	18	23,878,328.59	28,600,030.14	4,950,000.00	-
Short-Term Loans due from Subsidiary and Related Companies	5.1	130,355,542.21	78,602,190.27	1,089,500,000.00	-
Short-Term Loans due from Farmers	11	337,019,953.88	318,828,227.14	163,340,953.88	85,834,371.00
Inventories-Net	12	1,773,766,134.20	1,888,931,619.09	560,944,886.73	803,371,096.32
Real Estate Development Cost	13	26,959,567.07	42,055,531.53	-	-
Machine Maintenance Supplies		300,301,118.77	234,447,939.92	94,944,926.55	104,305,068.00
Other Accounts Receivable-Cane Value-Net	14	3,347,240.40	394,701,048.03	1,435,728.17	227,782,930.30
Share Subscriptions Receivable-Subsidiary Company's Shareholders		-	151,787,040.00	-	-
Accrued Dividend Receivable from Subsidiary Company	5.1	-	-	135,321,857.50	108,257,486.00
Other Current Assets		196,810,149.16	95,285,120.45	54,751,791.49	54,787,287.20
<b>TOTAL CURRENT ASSETS</b>		<b>3,839,780,045.09</b>	<b>4,473,530,048.68</b>	<b>2,259,996,882.61</b>	<b>1,685,096,437.12</b>
<b>NON-CURRENT ASSETS</b>					
Investments in Subsidiary and Associated Companies-Net	15	48,799,333.84	47,434,445.10	4,273,319,513.06	3,926,233,666.76
Other Long-Term Investments-Net	16	24,338,717.98	94,100,612.62	10,778,407.27	57,456,154.19
Deferred Cane Plantation Cost-Net	17	689,763,383.11	402,248,014.32	46,795,253.30	23,342,715.57
Loans for Cane Plantation Development-Net	18	68,927,309.97	80,002,055.77	5,941,600.00	-
Long-Term Loans due from Related Individual	5.1	160,484,160.00	-	-	-
Other Accounts Receivable-Compensation for Sugar Production and Distribution	19	244,952,528.07	244,952,528.07	132,770,099.96	132,770,099.96
Property, Plant and Equipment-Net	20	15,108,882,837.24	11,326,981,403.55	2,861,770,539.54	2,979,900,081.91
Assets not used in Operation-Net	21	328,508,693.40	276,912,218.86	98,281,732.26	98,281,732.26
Obligated Fixed Deposits		5,708,477.19	5,776,988.98	5,708,477.19	5,576,988.98
Other Non-Current Assets		41,860,248.27	32,883,724.08	147,623.06	147,623.06
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,722,225,689.07</b>	<b>12,511,291,991.35</b>	<b>7,435,513,245.64</b>	<b>7,223,709,062.69</b>
<b>TOTAL ASSETS</b>		<b>20,562,005,734.16</b>	<b>16,984,822,040.03</b>	<b>9,695,510,128.25</b>	<b>8,908,805,499.81</b>

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

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

## BALANCE SHEETS

As at October 31, 2009 and 2008

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2009	2008	2009	2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank Overdrafts and Short-Term Loans due to					
Financial Institutions	22	1,274,181,890.02	891,345,585.55	-	70,360,483.92
Other Short-Term Loans-Net	23	99,677,158.98	1,596,339,104.75	99,677,158.98	1,596,339,104.75
Trade Accounts and Notes Payable-Cane Purchase	24	453,091,074.82	290,747,294.04	137,838,222.84	115,530,888.94
Trade Accounts and Notes Payable		70,471,831.69	82,151,944.97	11,839,719.46	24,814,144.43
Trade Accounts and Notes Payable-Subsidiary and Related Companies	5.1	487,503.31	-	31,994,296.68	26,776,108.00
Current Portion of Long-Term Loans	29	228,000,000.00	102,250,000.00	168,000,000.00	-
Short-Term Loans due to Subsidiary Companies	5.1	-	-	297,000,000.00	279,000,000.00
Short-Term Loans due to Outside Person	25	68,000,000.00	-	-	-
Accrued Corporate Income Tax		122,261,401.01	142,678,327.50	5,627,840.55	37,707,613.31
Advance Received from Customers for Goods		87,840,052.09	101,916,375.69	72,728,473.19	8,983,452.36
Accrued Fee Payable to Cane and Sugar Fund	26	69,045,536.25	53,728,799.82	30,000,460.84	25,350,899.19
Accrued Stabilization Function Payment	27	105,910,936.55	30,833,045.68	50,021,384.70	15,186,045.29
Other Accrued Expenses		167,835,911.79	110,817,222.87	89,956,174.97	76,253,784.03
Account Payable-Assets		722,673,331.38	302,310,274.30	15,277,402.80	84,071,688.02
Other Accounts Payable		170,341,431.57	195,821,409.41	66,893,921.88	61,951,572.10
Other Current Liabilities		130,960,569.90	75,974,305.23	17,387,449.06	10,070,575.23
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,770,778,629.36</b>	<b>3,976,913,689.81</b>	<b>1,094,242,505.95</b>	<b>2,432,396,359.57</b>
<b>NON-CURRENT LIABILITIES</b>					
Debentures-Net	28	3,274,853,366.81	1,496,341,976.22	3,274,853,366.81	1,496,341,976.22
Long-Term Loans-Net from Current Portion	29	2,607,246,298.00	1,029,497,000.00	332,000,000.00	-
Other Non-Current Liabilities		15,087,015.37	24,947,154.48	9,759,665.76	10,752,430.66
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,897,186,680.18</b>	<b>2,550,786,130.70</b>	<b>3,616,613,032.57</b>	<b>1,507,094,406.88</b>
<b>TOTAL LIABILITIES</b>		<b>9,667,965,309.54</b>	<b>6,527,699,820.51</b>	<b>4,710,855,538.52</b>	<b>3,939,490,766.45</b>

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

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

## BALANCE SHEETS

As at October 31, 2009 and 2008

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2009	2008	2009	2008
SHAREHOLDERS' EQUITY					
Share Capital	30				
Authorized Share Capital :					
1,705,000,000 Ordinary Shares @ Baht 1.00 Par Value Each		-	1,705,000,000.00	-	1,705,000,000.00
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value Each		1,550,000,000.00	-	1,550,000,000.00	-
Issued and Paid-Up Share Capital					
1,550,000,000 Ordinary Shares @ Baht 1.00 Par Value Each		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		1,192,500,992.10	1,296,880,669.71	1,192,500,992.10	1,296,880,669.71
Revaluation Surplus on Assets-Subsidiary Companies		166,457,204.70	135,062,713.77	-	-
Surplus from Internal Restructure of Entities under Common Control	32	1,645,617,978.33	1,842,877,148.17	-	-
Surplus from Changes in Shareholding Ratio in Subsidiary Companies		42,602,414.19	37,995,203.05	-	-
Unrealized Gain on Available-for-Sale Securities		2,347,501.41	977,617.75	2,745,885.00	1,725,415.00
Accumulated Result of Foreign Currency Translation Adjustment		13,469,376.68	( 1,672,711.32)	-	-
Retained Earnings	33				
Appropriated					
Legal Reserve		162,620,000.00	162,620,000.00	162,620,000.00	162,620,000.00
Unappropriated		2,453,863,387.54	1,894,158,405.80	522,170,469.29	403,471,405.31
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY		8,784,096,098.29	8,473,516,290.27	4,984,654,589.73	4,969,314,733.36
Minority Shareholders' Equity		2,109,944,326.33	1,983,605,929.25	-	-
TOTAL SHAREHOLDERS' EQUITY		10,894,040,424.62	10,457,122,219.52	4,984,654,589.73	4,969,314,733.36
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		20,562,005,734.16	16,984,822,040.03	9,695,510,128.25	8,908,805,499.81

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

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

## INCOME STATEMENTS

For the Years Ended October 31, 2009 and 2008

(Unit : Baht)

	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2009	2008	2009	2008
REVENUES FROM OPERATION					
Sales and Services		11,517,320,602.25	10,767,797,588.66	5,215,644,012.92	5,287,154,142.64
Revenue from Sale of Fuel Oil, Fertiliser and Other Supplies		171,193,480.60	288,203,432.81	89,542,491.51	149,372,098.50
TOTAL REVENUES FROM OPERATION		11,688,514,082.85	11,056,001,021.47	5,305,186,504.43	5,436,526,241.14
COST OF OPERATION					
Cost of Sales and Services		8,524,580,171.53	8,122,863,609.47	4,136,161,601.07	4,354,005,186.73
Cost of Sales of Other Goods		155,501,264.99	271,981,058.04	80,510,034.21	138,710,883.58
TOTAL COST OF OPERATION		8,680,081,436.52	8,394,844,667.51	4,216,671,635.28	4,492,716,070.31
Gross Profit		3,008,432,646.33	2,661,156,353.96	1,088,514,869.15	943,810,170.83
Dividends Income		178,710.00	178,710.00	138,712,577.20	151,739,190.40
Other Income		380,436,771.72	298,411,906.91	207,715,049.40	130,792,184.40
Profit (Loss) Sharing from Investments Recorded by Equity Method		1,364,888.74	(2,241,937.31)	-	-
Selling Expenses		(330,203,104.94)	(439,050,196.89)	(168,698,180.96)	(225,552,999.77)
Administrative Expenses		(741,138,540.52)	(554,323,610.25)	(141,115,095.32)	(191,394,744.67)
Fee Payable to Cane and Sugar Fund	26	(745,655,265.55)	(446,355,628.12)	(379,425,631.71)	(210,686,349.95)
Directors' Remuneration	34	(13,473,364.00)	(12,226,503.00)	(7,484,000.00)	(7,453,500.00)
Financial Cost		(245,735,586.77)	(217,533,558.35)	(174,401,190.25)	(143,807,552.10)
NET PROFIT BEFORE CORPORATE INCOME TAX		1,314,207,155.01	1,288,015,536.95	563,818,397.51	447,446,399.14
CORPORATE INCOME TAX	35	(357,494,552.83)	(312,980,313.83)	(104,119,905.53)	(79,380,399.16)
NET PROFIT		956,712,602.18	975,035,223.12	459,698,491.98	368,065,999.98
PROFIT (LOSS) APPROPRIATION					
NET PROFIT OF KHON KAEN SUGAR					
INDUSTRY PUBLIC COMPANY LIMITED		900,704,409.74	859,526,388.57	459,698,491.98	368,065,999.98
NET PROFIT OF SUBSIDIARY COMPANY BELONGING TO THE PARENT					
COMPANY BEFORE ADDITIONAL SHARE ACQUISITION		366,047.84	3,012,790.84	-	-
PROFIT BELONGING TO MINORITY SHAREHOLDERS		55,642,144.60	112,496,043.71	-	-
		956,712,602.18	975,035,223.12	459,698,491.98	368,065,999.98
EARNINGS PER SHARE FOR SHAREHOLDERS OF KHON KAEN SUGAR INDUSTRY					
PUBLIC COMPANY LIMITED		0.58	0.55	0.30	0.24
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 October 31, 2009 and 2008**

**Consolidated Financial Statements**

	Notes	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 Foreign Currency Translation Adjustment	Retained Earnings		Total Shareholders' Equity of the Parent Company	Minority Shareholders' Equity	TOTAL
										Appropriated Legal Reserve	Unappropriated			
Beginning balance as at November 1, 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	8,246,544,597.19	1,417,447,205.78	9,663,991,802.97
Revaluation Surplus on Assets Increased (Decreased) during the Period (Net)		-	-	(18,706,602.70)	-	(27,754,395.17)	2,541,658.17	-	-	-	-	(43,919,339.70)	22,116,883.56	(21,802,456.14)
Depreciation Revaluation Surplus on Assets		-	-	(88,197,175.61)	(5,209,801.37)	(178,541,177.20)	(3,424,185.72)	-	-	-	-	(275,372,339.90)	(26,844,475.72)	(302,216,815.62)
Unrealized Loss on Available-for-Sale Securities		-	-	-	-	-	-	(2,274,985.93)	-	-	-	(2,274,985.93)	(800,596.54)	(3,075,582.47)
Difference from Translation Adjustment		-	-	-	-	-	-	-	3,411,701.45	-	-	3,411,701.45	11,668,839.23	15,080,540.68
Surplus from Change in Shareholding Ratio Increased in Subsidiary Companies		-	-	-	-	-	26,600,268.59	-	-	-	-	26,600,268.59	(26,600,268.59)	-
<b>Total Unrealized Transaction in Income Statements</b>		<b>1,550,000,000.00</b>	<b>1,554,617,243.34</b>	<b>1,296,880,669.71</b>	<b>135,062,713.77</b>	<b>1,842,877,148.17</b>	<b>37,995,203.05</b>	<b>977,617.75</b>	<b>(1,672,711.32)</b>	<b>144,120,000.00</b>	<b>1,394,132,017.23</b>	<b>7,954,989,901.70</b>	<b>1,396,987,587.72</b>	<b>9,351,977,489.42</b>
Net Profit for the Year		-	-	-	-	-	-	-	-	-	859,526,388.57	859,526,388.57	115,508,834.55	975,035,223.12
Dividend Paid	33	-	-	-	-	-	-	-	-	-	(341,000,000.00)	(341,000,000.00)	(16,439,519.60)	(357,439,519.60)
Legal Reserve	33	-	-	-	-	-	-	-	-	18,500,000.00	(18,500,000.00)	-	-	-
Increase in Minority Shareholders' Equity		-	-	-	-	-	-	-	-	-	-	-	487,549,026.58	487,549,026.58
<b>Ending Balance as at October 31, 2008</b>		<b>1,550,000,000.00</b>	<b>1,554,617,243.34</b>	<b>1,296,880,669.71</b>	<b>135,062,713.77</b>	<b>1,842,877,148.17</b>	<b>37,995,203.05</b>	<b>977,617.75</b>	<b>(1,672,711.32)</b>	<b>162,620,000.00</b>	<b>1,894,158,405.80</b>	<b>8,473,516,290.27</b>	<b>1,983,605,929.25</b>	<b>10,457,122,219.52</b>
Revaluation Surplus on Assets Increased (Decreased) during the Period (Net)		-	-	(19,054,018.09)	40,864,900.13	(21,446,535.44)	(8,935,148.21)	-	-	-	-	(8,570,801.61)	159,267,273.10	150,696,471.49
Depreciation Revaluation Surplus on Assets		-	-	(85,325,659.52)	(9,470,409.20)	(175,812,634.40)	2,180,595.92	-	-	-	-	(268,428,107.20)	(44,464,188.20)	(312,892,295.40)
Unrealized Gain on Available-for-Sale Securities		-	-	-	-	-	-	1,369,883.66	-	-	-	1,369,883.66	752,041.40	2,121,925.06
Difference from of Translation Adjustment		-	-	-	-	-	-	-	15,142,088.00	-	-	15,142,088.00	(18,096,355.00)	(2,954,267.00)
Surplus from Change in Shareholding Ratio Increased in Subsidiary Companies		-	-	-	-	-	11,361,763.43	-	-	-	-	11,361,763.43	(11,361,763.43)	-
<b>Total Unrealized Transaction in Income Statements</b>		<b>1,550,000,000.00</b>	<b>1,554,617,243.34</b>	<b>1,192,500,992.10</b>	<b>166,457,204.70</b>	<b>1,645,617,978.33</b>	<b>42,602,414.19</b>	<b>2,347,501.41</b>	<b>13,469,376.68</b>	<b>162,620,000.00</b>	<b>1,894,158,405.80</b>	<b>8,224,391,116.55</b>	<b>2,069,702,937.12</b>	<b>10,294,094,053.67</b>
Net Profit for the Year		-	-	-	-	-	-	-	-	-	900,704,409.74	900,704,409.74	56,008,192.44	956,712,602.18
Dividend Paid	33	-	-	-	-	-	-	-	-	-	(340,999,428.00)	(340,999,428.00)	(15,766,803.23)	(356,766,231.23)
<b>Ending Balance as at October 31, 2009</b>		<b>1,550,000,000.00</b>	<b>1,554,617,243.34</b>	<b>1,192,500,992.10</b>	<b>166,457,204.70</b>	<b>1,645,617,978.33</b>	<b>42,602,414.19</b>	<b>2,347,501.41</b>	<b>13,469,376.68</b>	<b>162,620,000.00</b>	<b>2,453,863,387.54</b>	<b>8,784,096,098.29</b>	<b>2,109,944,326.33</b>	<b>10,894,040,424.62</b>

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 October 31, 2009 and 2008**

**Separate Financial Statements**

		(Unit : Baht)						
		Issued and Paid-up	Premium on	Revaluation	Unrealized Gain	Retained Earnings		TOTAL
		Share Capital	Share Capital	Surplus on Assets-	(Loss) on Available	Appropriated	Unappropriated	
	Notes			Parent Company	-for-Sale Securities	Legal Reserve		
Begining Balance as at November 1, 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
Revaluation Surplus on Assets Decreased during the Period (Net)		-	-	(18,706,602.70)	-	-	-	(18,706,602.70)
Depreciation Revaluation Surplus on Assets		-	-	(88,197,175.61)	-	-	-	(88,197,175.61)
Unrealized Loss on Available-for-Sale Securities		-	-	-	(2,024,655.00)	-	-	(2,024,655.00)
Total Unrealized Transaction in Income Statements		1,550,000,000.00	1,554,617,243.34	1,296,880,669.71	1,725,415.00	144,120,000.00	394,905,405.33	4,942,248,733.38
Net Profit for the Year		-	-	-	-	-	368,065,999.98	368,065,999.98
Dividend Paid	33	-	-	-	-	-	(341,000,000.00)	(341,000,000.00)
Legal Reserve	33	-	-	-	-	18,500,000.00	(18,500,000.00)	-
Ending Balance as at October 31, 2008		1,550,000,000.00	1,554,617,243.34	1,296,880,669.71	1,725,415.00	162,620,000.00	403,471,405.31	4,969,314,733.36
Revaluation Surplus on Assets Decreased during the Period (Net)		-	-	(19,054,018.09)	-	-	-	(19,054,018.09)
Depreciation Revaluation Surplus on Assets		-	-	(85,325,659.52)	-	-	-	(85,325,659.52)
Unrealized Gain on Available-for-Sale Securities		-	-	-	1,020,470.00	-	-	1,020,470.00
Total Unrealized Transaction in Income Statements		1,550,000,000.00	1,554,617,243.34	1,192,500,992.10	2,745,885.00	162,620,000.00	403,471,405.31	4,865,955,525.75
Net Profit for the Year		-	-	-	-	-	459,698,491.98	459,698,491.98
Dividend Paid	33	-	-	-	-	-	(340,999,428.00)	(340,999,428.00)
Ending Balance as at October 31, 2009		1,550,000,000.00	1,554,617,243.34	1,192,500,992.10	2,745,885.00	162,620,000.00	522,170,469.29	4,984,654,589.73

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 October 31, 2009 and 2008

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2009	2008	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit Before Corporate Income Tax	1,314,207,155.01	1,288,015,536.95	563,818,397.51	447,446,399.14
Reconciliation of Net Profit with Cash Received (Payment) from Operation :-				
Dividends Income	(178,710.00)	(178,710.00)	(138,712,577.20)	(151,739,190.40)
Doubtful Accounts-Trade Accounts Receivable and Farmer Accounts Receivable	4,986,848.98	2,489,451.84	-	-
Loss from Dilapidated Inventories and Written Down the Value of Inventories (Reversal)	19,743.00	(8,538,739.93)	-	-
Participating (Profit)Loss from Investments under Equity Method	(1,364,888.74)	2,241,937.31	-	-
Amortization of Premium on Bond	99,252.06	81,347.21	68,488.55	66,199.06
Loss from Damaged Cane and Adjustment to Decrease the Value of Cane Plantation Cost	187,649,818.97	16,637,635.38	485,945.85	488,296.11
Depreciation	390,964,657.33	339,106,198.61	148,215,697.55	127,988,035.21
Gain from Disposal and Written-off of Fixed Assets	(11,282,643.32)	(9,054,959.33)	(8,753,249.31)	(13,407,497.14)
Loss from Impairment of Fixed Assets (Reversal)	3,111,773.05	(1,754,615.51)	-	(1,552,083.74)
Loss from Impairment of Investments in Subsidiary and Associated Companies	-	-	17,700,063.70	50,150,609.90
Gain from Sale of Investments	(135,258,065.45)	-	(58,144,274.94)	-
Unrealized (Gain) Loss on Exchange Rate	(756,114.58)	1,553,780.17	(102,653.21)	(2,911,882.63)
Reversal of (Revenue from) Compensation for Sugar Production and Distribution	-	1,252,573.35	-	(2,229,383.09)
Leasehold Right Fee and Written-off Expenses	300,105.38	497,667.82	-	-
Loss from Non Refundable Withholding Tax	-	21,829.63	-	-
Interest Expenses	241,917,623.74	213,945,507.18	171,808,041.66	142,445,575.84
Financial Cost	2,275,143.59	1,361,976.22	2,275,143.59	1,361,976.22
Profit from Operation before Changes in Operating Assets and Liabilities	1,996,691,699.02	1,847,678,416.90	698,659,023.75	598,107,054.48
Operating Assets (Increase) Decrease				
Trade Accounts and Notes Receivable	93,986,078.82	(264,920,554.96)	145,627,431.43	(130,633,635.38)
Trade Accounts-Subsidiary and Related Companies	271,325.38	(803,077.72)	12,053,342.83	(12,044,842.82)
Farmer Accounts Receivable	20,146,380.93	(1,952,363.87)	-	-
Inventories	115,145,741.89	(343,430,396.72)	242,426,209.59	15,639,951.28
Real Estate Development Cost	15,095,964.46	(7,061,796.09)	-	-
Machine Maintenance Supplies	(65,853,178.85)	(12,141,694.15)	9,360,141.45	(4,318,301.78)
Other Accounts Receivable-Cane Value	391,353,807.63	875,103.65	226,347,202.13	422,193.99
Other Current Assets	(99,954,871.22)	19,534,591.95	9,921.76	2,199,488.28
Deferred Cane Plantation Cost	(391,575,670.20)	(189,393,838.21)	(21,529,178.57)	1,578,552.19
Other Non-Current Assets	(9,276,629.57)	(27,833,164.31)	-	3,000.00
Operating Liabilities Increase (Decrease)				
Trade Accounts and Notes Payable-Cane Purchase	162,343,780.78	290,747,294.04	22,307,333.90	115,530,888.94
Trade Accounts and Notes Payable	(11,677,234.00)	15,697,147.64	(12,974,424.97)	(19,093,883.22)
Trade Accounts and Notes payable-Subsidiary and Related Companies	487,503.31	(85,601.99)	5,218,188.68	(7,343,992.11)
Advance Received from Customers for Goods	(13,597,742.36)	25,628,447.69	63,879,897.87	(33,333,377.81)
Accrued Fee Payable to Cane and Sugar Fund	15,316,736.43	44,110,151.76	4,649,561.65	21,223,563.03
Accrued Stabilization Function Payment	75,077,890.87	30,833,045.68	34,835,339.41	15,186,045.29
Other Accrued Expenses	20,106,065.38	35,348,404.71	(17,759,767.29)	26,382,514.50
Other Accounts Payable	(25,718,071.80)	(6,473,356.36)	4,942,349.78	(37,040,955.27)

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 October 31, 2009 and 2008

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2009	2008	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES (Continued)</b>				
Other Current Liabilities	53,160,439.73	5,210,996.86	7,316,873.83	(1,313,565.03)
Other Non-Current Liabilities	(9,860,139.11)	(2,644,490.19)	(992,764.90)	978,038.86
Cash Received (Used) from Operating Activities	2,331,669,877.52	1,458,923,266.31	1,424,376,682.33	552,128,737.42
Interest Paid	(258,673,142.38)	(183,392,108.03)	(140,345,883.43)	(108,023,363.48)
Corporate Income Tax Paid	(378,263,804.57)	(325,294,655.04)	(136,205,564.34)	(43,529,033.03)
Net Cash Received from Operating Activities	1,694,732,930.57	950,236,503.24	1,147,825,234.56	400,576,340.91
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Increase)Decrease in Short-Term Investments	(166,000,000.00)	351,098.09	-	-
(Increase)Decrease in Short-Term Loans due from Subsidiary and Related Companies	(51,753,351.94)	16,978,540.95	(1,089,500,000.00)	47,600,000.00
(Increase)Decrease in Short-Term Loans due from Farmers	(18,191,726.74)	79,871,746.49	(77,506,582.88)	118,784.63
(Increase)Decrease in Loans for Cane Plantation Development	15,796,447.35	20,888,015.92	(10,891,600.00)	-
Cash Payment for Long-Term Loans to Related Individual	(160,484,160.00)	-	-	-
Cash Purchase of Investments in Subsidiary and Associated Companies	-	-	(638,880,000.00)	(1,512,644,998.20)
Cash Received from Sale of Investments in Subsidiary Companies	-	-	272,553,290.31	-
Cash Purchase of Other Long-Term Investments	(7,171,666.09)	(18,343,440.91)	-	(9,842,720.00)
Cash Received from Sale of Other Long-Term Investments	208,226,664.92	-	110,172,963.00	-
Cash Received from Redemption of Other Long-Term Investments	5,100,000.00	-	-	-
Cash Received from Dividend Paid by Subsidiary Companies	-	-	108,611,335.70	187,202,845.65
Cash Received from Dividend Paid by Other Companies	178,710.00	178,710.00	178,710.00	178,710.00
Purchases of Property, Plant and Equipment	(3,820,995,548.10)	(2,389,901,905.40)	(131,074,018.87)	(183,780,830.10)
Cash Received from Disposals of Property, Plant and Equipment	30,757,893.44	37,014,469.67	17,230,076.92	32,647,991.05
Purchase of Land not used in Operation	(31,664,230.18)	(28,933,775.00)	-	-
(Increase)Decrease in Obligated Fixed Deposits	68,511.79	1,962,141.73	(131,488.21)	(237,858.27)
Net Cash Used in Investing Activities	(3,996,132,455.55)	(2,279,934,398.46)	(1,439,237,314.03)	(1,438,758,075.24)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase(Decrease) in Bank Overdrafts and Short-Term Loans due to Financial Institutions	382,836,304.47	244,124,863.68	(70,360,483.92)	(229,639,516.08)
Increase(Decrease) in Other Short-Term Loans	(1,496,661,945.77)	70,870,542.57	(1,496,661,945.77)	70,870,542.57
Increase in Short-Term Loan due to Outside Person	68,000,000.00	-	-	-
Increase(Decrease) in Short-Term Loans due to Subsidiary and Related Companies	-	-	18,000,000.00	187,500,000.00
Cash Payment of for Payable Paid to Assets Purchased	(256,144,797.15)	(47,266,698.10)	(83,072,231.76)	(42,735,900.16)
Cash Received from Debentures	1,776,236,247.00	1,494,980,000.00	1,776,236,247.00	1,494,980,000.00
Cash Received from Long-Term Loans	2,083,904,298.00	716,747,000.00	500,000,000.00	-
Repayment of Long-Term Loans	(365,000,000.00)	(904,053,731.60)	-	(116,000,000.00)
Cash Payment of Dividends Paid to Parent Company's Shareholders	(340,999,428.00)	(341,000,000.00)	(340,999,428.00)	(341,000,000.00)
Cash Payment of Dividends Paid to Minority Shareholders	(15,766,803.23)	(16,439,519.60)	-	-
Cash Received from Minority Shareholders	151,787,040.00	474,813,890.33	-	-
Cash Payment for Minority Shareholders	-	(138,851,949.83)	-	-
Net Cash Received from Financing Activities	1,988,190,915.32	1,553,924,397.45	303,142,157.55	1,023,975,126.33
Increase(Decrease) in Difference from Foreign Currency Translation Adjustment	72,843,468.25	(7,142,113.34)	-	-
Cash and Cash Equivalent Items Increase(Decrease)-Net	(240,365,141.41)	217,084,388.89	11,730,078.08	(14,206,608.00)
Cash and Cash Equivalent Items at the Beginning of the Period	507,380,223.72	290,295,834.83	18,061,454.83	32,268,062.83
Cash and Cash Equivalent Items at the End of the Period	267,015,082.31	507,380,223.72	29,791,532.91	18,061,454.83

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 October 31, 2009 and 2008

(Unit : Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2009	2008	2009	2008
1. Additional Disclosure :-				
Significant non-cash items in the consolidated and the separate financial statements are as follows :-				
- Unrealised gain (loss) on available-for-sale securities	2,121,925.06	(3,075,582.47)	1,020,470.00	(2,024,655.00)
- Depreciation in revaluation surplus on assets	312,892,295.40	302,216,815.62	85,325,659.52	88,197,175.61
- Revaluation surplus on assets increase (decrease)-net	150,696,471.49	(21,802,456.14)	(19,054,018.09)	(18,706,602.70)
- Transfer of other long-term investment to investment in subsidiary company	-	-	-	210,479.09
- Transfer of land development cost and depreciation to deferred cane plantation cost	95,212,750.27	55,561,663.45	2,409,305.01	2,664,496.65
- Purchases of fixed assets but not yet paid for	677,710,176.97	272,743,560.49	14,277,946.54	78,571,671.05
- Receipt of debt repayment in assets	-	26,374,955.52	-	-
- A subsidiary company had share subscription receivables due from minority shareholders, which have not been received	-	151,787,040.00	-	-
- Transferal of land not used in operation to property, plant and equipment	-	1,181,704.00	-	-
- Transferal of asset-in-construction to machine supplies not used	19,932,244.36	-	-	-
- Subsidiary companies recorded interest expense as cost of assets	53,667,710.20	3,436,973.29	-	-
- Transferal of minority shareholders' equity to surplus from changes in shareholding ratio in subsidiary companies	11,361,763.43	26,600,268.59	-	-
- Transferal of part of estate development cost to property, plant and equipment	-	1,431,745.94	-	-
- Received share dividend from a subsidiary company	-	-	2,858,160.00	-
- Set off the allowance for impairment for general investment with the cost value of general investment	-	659,294.42	-	45,144.42
- Set off the allowance for farmer account receivable with farmer account receivable	-	397,676.07	-	397,676.07
- Two subsidiaries declared dividend payment; remaining portion accrued dividend income	-	-	135,321,857.50	108,257,486.00
- Allocated retained earnings to legal reserve	-	18,500,000.00	-	18,500,000.00
2. Cash and Cash Equivalent Items as follows :-				
- Cash	7,970,601.47	32,277,467.80	1,636,936.25	1,046,247.25
- Savings account deposits	181,826,315.76	356,644,217.61	15,226,045.38	2,506,909.98
- Current account deposits	77,197,639.75	110,438,537.07	12,928,551.28	14,508,297.60
- Fixed deposit with the maturity not exceeding 3 months	20,525.33	8,020,001.24	-	-
Total	267,015,082.31	507,380,223.72	29,791,532.91	18,061,454.83

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

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**  
**AND ITS SUBSIDIARY COMPANIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2009 AND 2008**

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1. General Information

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED (the Company) was registered as a limited company under the Civil and Commercial Code on October 6, 1976 with the registration number 1163/2519 and was registered as a limited public company on March 18, 2004 with the registration number Bor Mor Jor 0107547000214. Its registered headquarter is located at 503 K.S.L.Tower, 9th Floor, Sriyudahaya Road, Ratchathewi, Bangkok and its factory is located at 43 Moo 10, Namphong District, Namphong, Khonkaen Province. The Company's main business is to manufacture and distribute sugar and molasses and the subsidiary companies' main business operations are listed in notes to financial statements No. 4.1.

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 Federation 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.

These financial statements have been prepared under the existing cost basis except disclosed otherwise under the accounting policy.

2.2 The New Accounting Standards Issuance

The Federation of Accounting Professions has issued Notifications Nos. 9/2550, 38/2550, 62/2550, 86/2551 and 16/2552 on accounting standards to announce the withdrawing of certain accounting framework and some existing standards in order to replace them and also announce the implementation of accounting framework, accounting standards, financial reporting standards and guidelines for implementing new accounting standards as follows:-

**A) Thai Accounting Standards that are effective for the current year**

<u>EAP's Announcement No.</u>	<u>Dated</u>	<u>Withdrawn Accounting Framework and Accounting Standards Nos.</u>	<u>Accounting Framework/ Accounting Standards/ Financial Reporting Standards newly issued or replaced the withdrawn one*</u>	<u>Effective on or after 1 January of the year</u>
9/2550	2/5/2007	- No. 25 Cash Flow Statements	- Accounting Standard No. 7 (Revised 2007) on Cash Flow Statements (Formerly No. 25)	2008
		- No. 33 Borrowing Costs	- Accounting Standard No. 23 (Revised 2007) on Borrowing Costs (Formerly No. 33)	2008
		- No. 49 Construction Contracts	- Accounting Standard No. 11 (Revised 2007) on Construction Contracts (Formerly No. 49)	2008
38/2550	11/10/2007	- No. 35 Presentation of Financial Statements	- Accounting Standard No. 1 (Revised 2007) on Presentation of Financial Statements (Formerly No. 35)	2008
		- No. 39 Accounting Policies, Changes in Accounting Estimates and Errors	- Accounting Standard No. 8 (Revised 2007) on Accounting Policies, Changes in Accounting Estimates and Errors (Formerly No. 39)	2008
		- No. 41 Interim Financial Reporting	- Accounting Standard No. 34 (Revised 2007) on Interim Financial Reporting (Formerly No. 41)	2008
62/2550	7/12/2007	- No. 7 Accounting for Hire-Purchase Contracts-Hire-Purchaser	- Accounting Standard No. 17 (Revised 2007) on Lease (Formerly No. 29)	2008
		- No. 29 Lease		
		- No. 31 Inventories	- Accounting Standard No. 2 (Revised 2007) on Inventories (Formerly No. 31)	2008
		- No.43 Business Combinations	- Financial Reporting Standard No. 3 (Revised 2007) on Business Combinations (Formerly No. 43)	2008
		- No.14 Accounting for Research and development Interpretation of accounting standards being used at present No.4 on impairment of assets requires expenditure used at development level and already developed activities should be recorded as asset.	- Accounting Standard No. 38 on Intangible Assets	2008
16/2552	21/5/2009	- Accounting Framework	- Accounting Framework (Revised 2007)	Immediately
			- Accounting Guideline on Accounting for Leasing Right	Immediately

The Company has commenced the application of the mentioned accounting framework, the accounting standards and the Accounting guideline to the current accounting period which have no significant effects on the consolidated and the separate financial statements.

**B) Thai Accounting Standards that are not yet effective for the current year**

<u>FAP's</u> <u>Announcement No.</u>	<u>Dated</u>	<u>Withdrawn Accounting Framework</u> <u>and Accounting Standards Nos.</u>	<u>Accounting Framework / Accounting Standards /</u> <u>Financial Reporting Standard</u> <u>newly issued or replaced the withdrawn one*</u>	<u>Effective on or after</u> <u>1 January of the year</u>
86/2551	12/11/2008	- No. 36 on Impairment of Assets	- Accounting Standard No. 36 (Revised 2007) on Impairment of Assets (Formerly No. 36)	2009
		- No. 54 on Discontinued Operations	- Financial Reporting Standard No. 5 (Revised 2007) on Non-Current Asset Held for Sale and Discontinued Operations (Formerly No.54)	2009
16/2552	21/5/2009	- No. 47 on Related Party Disclosures	- Accounting Standard No. 24 (Revised 2007) on Related Party Disclosures	2011
			- Accounting Standard No. 20 on Accounting for Government Grants and Disclosure of Government Assistance	2012
			- Accounting Standard No.40 on Investment Property	2011
			- Accounting Guideline on Business Combinations of Entities under Common Control	2009

The management of the Company has evaluated and thought there would not be significant effects on the financial statements for the year that the said accounting standards, the financial reporting standard and the accounting guideline are effective.

\* Note : Identification numbers of accounting standards have been revised pursuant to the Federation of Accounting Professions announcement No. 12/2552 dated May 15, 2009 on Allocation of Identification Numbers of Thai Accounting Standards to correspond with those of to International Accounting Standards.

- 2.3 The Company prepared its statutory financial statements in the Thai language in conformity with generally accepted accounting principles in Thailand. The accounting standards used may be different from generally accepted accounting principles in other countries. For the convenience of the reader, the financial statements in English version have been prepared by translating from the statutory financial statements in Thai version in order to meet requirement of domestic reporting purpose.
- 2.4 In the balance sheets for the year ended October 31, 2008, the account of Real Estate Development Cost has been reclassified at amount of Baht 7.18 million and the account of Land not used in operation has been reclassified at amount of Baht 28.59 million to Property, Plant and Equipment in order to be comparison with that for the year ended October 31, 2009, which bears no effect on net profit or shareholders' equity as already reported.

### 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 Revenue 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 with rental period.
- 3.1.4 Revenue from sale of land is recognized when the land ownership has already been transferred to the purchaser.
- 3.1.5 Revenue from sale of houses together with land is recognized in accordance with installments due for payment under gross margin method. If the payment of installments due is more than percentage of work completed, it would be restrictively recognized only that amount pursuant to the work already completed. The group companies will cease to recognize revenue immediately if purchaser becomes overdue by more than three consecutive installments.

The amount of money received by installments which exceeding the percentage of the work completed will be recorded as advance received from purchaser and is shown as other liabilities in the balance sheet.
- 3.1.6 Revenue from electricity selling agreements comprised of the electricity capacity revenue and the electricity energy revenue. The electricity capacity revenue is recognized at the rate determined in the agreements and the electricity energy revenue is calculated by the actual volume of the electricity distributed at the rate determined in the agreements. The revenue under the electricity selling agreement is recognized when the electricity is delivered and the customers have accepted the deliveries.
- 3.1.7 The recognition of the revenue under the steam selling agreements is calculated from the actual volume of the steam distributed at the rate determined in the agreements. The revenue under the steam selling agreement is recognized when the steam is delivered and the customers have accepted the deliveries.
- 3.1.8 Interest and discount receivable from discounting notes receivable are recognized according to the related period.
- 3.1.9 Dividend is recognized when entitled to receive it.
- 3.1.10 Other incomes are recognized by accrual basis.

- 3.2 The policies concerning its expenses are as follows:
- 3.2.1 In case of cost of sale for house together with land, the group companies calculates by appropriating all estimated development costs of properties (based on actual costs) to house and land sold according to saleable areas and then recognizing it as cost of sales in the income statement according to proportion of revenue recognition.
- 3.2.2 Other expenses are recognized by accrual basis.
- 3.3 Cash and cash equivalent items includes cash, savings account deposits, current account deposits 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 Trade accounts and notes receivable, farmer accounts receivable, and loan receivables from loans for cane plantation promotion are shown at net realizable value with allowance for doubtful debts is made by assessing the uncollectability of each accounts receivable.
- 3.5 Inventories are shown at the lower of cost or net realizable value and adjusted by slow-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 is used.
  - Sugar-goods in process and finished goods-calculation is made from average production cost in each production year using first in-first out method.
  - Organic fertilizer-finished goods-calculated by the actual cost using the first in-first out method.
  - Organic fertilizer-goods in process-calculated by the actual cost using the specific method (for the year 2008 : using the first in-first out method).
  - Alcohol, wheat flour and polypropylene bags-goods in process and finished goods-calculated by the actual cost incurred using the first in-first out method.

In the second quarter of 2009, a subsidiary company has changed the method in calculation of the organic fertilizer-goods in process-from the first in-first out method to specific method so it would better suit the nature of the production activity. The change in the said policy has no significant effect to the financial statements so the retro-adjustment has not been made for the financial statements for the year ended October 31, 2008, presented herein for comparison purpose.

Molasses and bagasses, which are by-products from sugar production and by-product derived from wheat flour production are shown at average net realizable value.

- 3.6 Real estate development cost is shown at the lower of cost or net realizable value which consist of land cost, filling cost, construction cost, utility-system development cost and direct cost to acquire the products and set them to be ready for sale.



- 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 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.
- 3.8.2 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.
- 3.8.3 Investment in marketable debt and equity instruments which are recorded as securities for sale are those held for an unspecified period which might be sold in need of liquidity and shown in total under of non-current assets except the management has intention to hold them less than 12 months from the balance sheet date or the management want to sell them to increase the working capital. In the latter case they will be classified as current asset. Normally the management will fix the appropriate classification at the time of investing and will review the classification regularly. These investments are valued at fair values which are calculated from the latest quote of purchase price as of the accounting year end date and recognised the change in value as a separate item in the shareholders' equity except when these investments are sold or impaired in value, the recognition will be made through the income statement.
- 3.8.4 Investments in debt instruments which are held until maturity will be classified as short-term or long-term investments according to the remaining maturity period. They are shown at cost written down and deducted by allowance for impairment. The Company and subsidiary companies write off premium/discount over value of debt instruments by effective interest rates method and the amount written-off will be shown in the income statement.
- 3.8.5 Long-term investment is non-marketable equity instruments which are treated as general investments are shown at cost net off by accumulated allowance for impairment and change in value of general investments is recognised in the income statement when they are sold or impaired.

- 3.9 Deferred cane plantation cost is the accumulated cost of cane plantation consisting of purchase cost of young canes, cost of cane used for expansion, fertiliser cost, wages and other related direct expenses which are measured at cost deducted by accumulated depreciation and allowance for accumulated impairments. For canes harvested for transfer to being raw material cost in production and cost of goods sold as at the harvest date, they are valued at fair value deducted by estimated expense at point of sale. The fair value of cane is considered from price the Company and subsidiary companies expected to purchase from cane farmers in each region.
- 3.10 Properties, plants and equipment are initially recorded at cost and later stated at fair value, base on valuation made by external independent appraisers. The Company 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 the shareholders' equity, and decrease from cost recorded as loss from revaluation of assets in the income statement. Increase in revaluation surplus on building and machines will be amortized in accordance to the remaining useful lives of those assets.

Plant and equipment are shown at fair value net by accumulated depreciation and allowance for accumulated impairment. The Company and subsidiary companies calculate the depreciation by using the straight-line method over their estimated useful lives as follows: -

Land Improvement	5-61	years
Building and Construction	3-58	years
Machinery and Equipment	3-43	years
Motor Vehicle and Labour Saving Tool	5-20	years
Furniture and Office Equipment	5-20	years

The Company and its subsidiary companies record the depreciation as calculated above as follow: -

- The depreciation for those calculated from the cost value is included in the calculation of the operating result.
- The depreciation for the revaluation surplus is written-off to the revaluation surplus of asset in the shareholders' equity.

No depreciation is calculated for the land and work under construction.

Interest expense incurred from the loan obtained especially for the work under construction project and during installation are included in the cost of the said work under construction until it is ready for its intended usage.

- 3.11 Assets not used in operation are initially recorded by cost method net by allowance for accumulated impairment.
- 3.12 Impairment of assets, the Company and subsidiary companies assess 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. When 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 net selling price and value in use of the said asset).
- 3.13 Trade and other accounts payable are shown at cost.
- 3.14 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.
- 3.15 Long-term lease contracts, its subsidiaries recorded hire-purchase contract as both an asset and a liability in the balance sheet at the amount equivalent to fair value of leased assets at the commencing date of the lease agreement or the present value of the minimum amount payable under the lease agreement whichever is the lower. The discount rate to be used in calculating such present value is the interest rate specified in the lease agreement. The directly related initial cost is included in the cost of the assets and the paid lease payments will be appropriated partly as financial expense and the other part to reduce the principal. The said financial expense will be apportioned to various periods throughout the lease agreement tenor so that the interest rate compared to the remaining debt amount of each period is constant. Depreciation policy for leased assets conforms to the policy applied to depreciable assets owned by the Company and its subsidiaries.
- 3.16 Lease operation contract in hiring assets which the risk and ownership of the hired assets remain with the lessor classified as lease operation. The lease fee paid under the operating lease recorded as expense throughout the term of the contract.
- 3.17 For liability estimates, the Company and subsidiary companies will record liability estimates when it is highly certain that obligations will occur at present legally or estimate result from past events. These obligations are expected to cause damage to economically beneficial resource in order to pay for such obligations and these amounts to be paid can be estimated confidently. If there is expectation to recover payment toward estimated liabilities certainly by all or part, the Company and subsidiary companies will recognized the returned payment as separate asset but its amount must not be more than related, estimated liabilities and the expense related to liability estimates is shown in the income statement at amount netted by recognized amount of expense to be recovered.

- 3.18 Deferred expense for debenture issuance is amortized as expenses in parts in the income statement by using the straight-line method over the period of debenture of 3-5 years and shown as deduction from debenture.
- 3.19 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 and will be written off when the investment is disposed.
- 3.20 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 and will be written off when the investment is disposed.
- 3.21 Foreign currency transactions are translated into Baht at the rates ruling on the occurrence dates. Assets and liabilities in foreign currency outstanding on the year-end date are translated into Baht at the rates ruling on that date. Exchange gains or losses are included as incomes or expenses in the income statement of the year.
- 3.22 Inter-Transaction between the related parties and related companies

The related parties and related companies with the Company and subsidiaries meant individuals or enterprises which have the controlling power over the Company and subsidiaries or are controlled by the Company and subsidiaries either directly or indirectly, or under the same control with the Company and subsidiaries. Furthermore, the related parties or 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 managers, directors or the employees of the Company and subsidiary companies who have the power to plan and control the operations of the Company and subsidiary companies including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

### 3.23 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.

3.24 Corporate income tax will be recognized as expense item whenever the Company is liable to pay tax.

3.25 Earnings or loss per share is calculated by dividing net profit or loss for the year with the weighted average number of issued and paid-up shares existing during the year.

### 3.26 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.

### 3.27 Financial Instruments

Financial assets and liabilities carried on the balance sheets include cash and cash equivalents, trade accounts receivable and payable, other accounts receivable and payable, and loan receivables and payables. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

Foreign currency forward contracts are meant to prevent risk from volatile movements in exchange rates by establishing a future rate at which a foreign currency asset and liability will be settled. Gain or loss from the foreign currency forward contracts will be recorded in the income statement when the settlement is made.

3.28 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. Basis of Consolidation

4.1 The consolidated financial statements include the consolidated, either directly or indirectly, 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>2009</u>	<u>2008</u>		
Subsidiary Companies (The Company hold the shares directly)				
* Thai Sugar Terminal Public Company Limited	23.82	23.82	Thailand	Locating, silo warehouse and property rental
New Krung Thai Sugar Factory Co., Ltd.	93.01	93.01	Thailand	Manufacture and distribution of sugar and molasses
Tamaka Sugar Industry Co., Ltd.	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses
New Kwang Soon Lee Sugar Factory Co., Ltd.	98.61	98.61	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.	79.11	79.11	Thailand	Export sugar as exporting agent
KSL Chemical Co., Ltd.	100.00	100.00	Thailand	Import and distribution of chemicals

<u>Company Name</u>	<u>Percentage of Holding</u>		<u>Country of Incorporation</u>	<u>Kind of Business</u>
	<u>2009</u>	<u>2008</u>		
	Khon Kaen Sugar Power Plant Co., Ltd.	100.00		
Khon Kaen Alcohol Co., Ltd.	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer
KSL. Agro Co., Ltd.	100.00	100.00	Thailand	Agricultural Operation
Savannakhet Sugar Corporation	97.00	97.00	Laos	Agricultural Operation, Manufacture and distribution of sugar and molasses
Koh Kong Sugar Industry Co., Ltd.	50.00	50.00	Cambodia	Manufacture and distribution of sugar and molasses which are in the process investment
Wynn In Trading Co., Ltd.	100.00	100.00	Mauritius	Trading and consultancy service

<u>Company Name</u>	<u>Percentage of Shares held by Subsidiary Companies</u>		<u>Percentage of Holding</u>		<u>Country of Incorporation</u>	<u>Kind of Business</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>		
	Subsidiary Companies (The Company hold the shares directly and indirectly through Thai Sugar Terminal Public Company Limited)					
* T S G Asset Co., Ltd.	19.00	19.00	23.11	23.11	Thailand	Real-estate leasing business
* T S G Properties Co., Ltd.	22.46	14.78	23.08	18.90	Thailand	Trading, rental and development of real-estate which are in the process of investment in palm oil refinery operation.
* T S Flour Mill Co., Ltd.	23.54	23.54	23.63	23.63	Thailand	Property rental and produce and distribute wheat flour
* T S Warehouse Co., Ltd.	15.28	15.28	19.30	19.30	Thailand	Warehousing and loading of goods
* T S Transport and Logistics Co., Ltd.	20.46	18.44	30.58	34.64	Thailand	Transportation and security services. In 2008, it commenced to manufacture and distribute polypropylene bag, and plastic fiber,trade in plastic resin and import and export plastic.

- \* The group companies participate in controlling over, thus they are considered subsidiary companies under the definition specified in the accounting standard.

<u>Company Name</u>	<u>Percentage of Holding</u>		<u>Country of Incorporation</u>	<u>Kind of Business</u>
	<u>2009</u>	<u>2008</u>		
	Subsidiary Companies (The Company hold the shares indirectly through Wynn In Trading Co., Ltd.)			
Koh Kong Plantation Co.,Ltd.	50.00	50.00	Cambodia	Agricultural operation
(Year 2008 : shares held by the Company at 50.00%)				

The financial statements of the foreign subsidiary companies, considered as foreign entities, in the preparation for the consolidated financial statements are translated into Baht by applying the following exchange rates:

- Assets and liabilities are translated by the closing rate at the end of the period
- Revenue and expenses are translated by the average exchange rate
- Share capital is translated at the rate when the transaction occurred.

The difference incurred from the exchange rate translation of the said financial statements is shown under the shareholders' equity.

- 4.2 The financial statements of Koh Kong Sugar Industry Co., Ltd. and Wynn In Trading Co., Ltd. were included in preparation of consolidated financial statements for the first and third quarters of year 2008 respectively since the Company commenced investments in the said subsidiary companies which have been established in 2008.
- 4.3 Thai Sugar Terminal Public Co., Ltd. which is a subsidiary company, has increased its investment in T S Transport and Logistic Co., Ltd. from 2% to 77.44% of the latter's issued and paid-up share capital, thus changing its status from an associated company to a subsidiary company. The financial statements of T S Transport and Logistic Co., Ltd. are, therefore, included in the consolidated financial statements since the second quarter of year 2008.
- 4.4 The accounting periods of subsidiary companies ended the same date as the parent company (accounting period ended on October 31) except the 8 subsidiary companies whose accounting periods ended December 31 as follows :-
- Thai Sugar Terminal Public Company Limited
  - TSG Asset Co., Ltd.
  - TSG Properties Co., Ltd.
  - T S Flour Mill Co., Ltd.
  - T S Warehouse Co., Ltd.
  - T S Transport and Logistics Co., Ltd.
  - Koh Kong Plantation Co., Ltd.
  - Koh Kong Sugar Industry Co., Ltd.
- 4.5 The balances between the Company and its subsidiary companies, investments in subsidiary companies and subsidiary companies' share capital were eliminated from the consolidated financial statements.

## 5. Inter-Transactions between the Related Companies and Individual

The Company holds accounting transaction items with its subsidiary companies, the related individual 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 companies and related persons could be summarized as follows :-

### 5.1 Inter-Assets and Liabilities

(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31,		As at October 31,	
		2009	2008	2009	2008
- Trade Accounts and Notes Receivable					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	-	8.68
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	-	3.37
Prachaup Industry Co.,Ltd.	Related	2.52	0.94	-	-
Other Related Companies		0.05	1.91	-	-
Total		2.57	2.85	-	12.05

(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31,		As at October 31,	
		2009	2008	2009	2008
- Other Accounts Receivable					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	3.99	1.93
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	11.17	32.90
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	20.14	3.03
Other Susidiary Companies		-	-	0.05	0.72
Other Related Companies		0.06	0.08	0.06	0.08
Total		0.06	0.08	35.41	38.66
- Accrued Dividend Received					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	135.32	108.26
- Accrued Revenues					
Prachaup Industry Co.,Ltd.	Related	0.59	0.11	-	-
- Accrued Interest					
Other Susidiary Companies		-	-	0.16	-
- Short-Term Loans due from					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	180.00	252.00
Repaid in the period		-	-	(180.00)	(252.00)
Ending balance		-	-	-	-
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	814.00	80.00
Repaid in the period		-	-	(46.00)	(80.00)
Ending balance		-	-	768.00	-
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	34.00
Increase in the period		-	-	37.00	180.00
Repaid in the period		-	-	(37.00)	(214.00)
Ending balance		-	-	-	-
K.S.L. Real Estate Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	13.60
Repaid in the period		-	-	-	(13.60)
Ending balance		-	-	-	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	174.50	68.00
Repaid in the period		-	-	(30.00)	(68.00)
Ending balance		-	-	144.50	-



(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31,		As at October 31,	
		2009	2008	2009	2008
- Short-Term Loans due from (Continued)					
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	180.00	100.00
Repaid in the period		-	-	(3.00)	(100.00)
Ending balance		-	-	177.00	-
Prachaup Industry Co., Ltd.	Related				
Beginning balance		78.60	95.58	-	-
Increase in the period		635.34	1,222.91	-	-
Repaid in the period		(583.58)	(1,239.89)	-	-
Ending balance		130.36	78.60	-	-
Total		130.36	78.60	1,089.50	-
- Loans due from Related Individual					
	Shareholder of a Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		160.48	-	-	-
Ending balance		160.48	-	-	-

As at October 31, 2009 and 2008, loans due from subsidiary and related companies were loans in the form of promissory notes on demand bearing interest rates at 1.50-5.75% and 3.53-3.75% 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. 22.

As at October 31, 2009, loans due from related individual were loans due from shareholders of a subsidiary company, amounting to USD 4.80 million for the period of 5 years with interest rate charged at 5% per annum, and the loan is guaranteed by the subsidiary company's share certificates held by the said shareholder. The principal must be repaid every year in the total of 5 installments at USD 0.96 million per installment. On June 25, 2009, the repayment schedule has been revised with the following conditions: the first installment is due on December 31, 2010 and the final installment is due within December 31, 2014, the interest rate is reduced to 3.50% per annum commencing from January 1, 2010 and the interest must be paid every June and December of each year.

(Unit : Million Baht)

<u>Type of Transaction/Company Name</u>	<u>Relationship</u>	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
		<u>As at October 31,</u>		<u>As at October 31,</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>- Value of Assets Purchased</b>					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	2.54
Other Related Companies		-	1.54	-	-
Total		-	1.54	-	2.54
<b>- Value of Assets Sold</b>					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	12.61
Other Related Companies		-	1.60	-	1.60
Total		-	1.60	-	14.21
<b>- Trade Accounts and Notes Payable</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	14.81	14.99
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	16.25	1.99
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	9.80
Other Subsidiary Companies		-	-	0.93	-
Other Related Companies		0.49	-	-	-
Total		0.49	-	31.99	26.78
<b>- Other Accounts Payable</b>					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	4.30	4.04
Other Subsidiary Companies		-	-	0.08	-
Other Related Companies		0.46	3.14	0.24	2.62
Other Related Juristic Persons		0.69	0.68	0.69	0.68
Total		1.15	3.82	5.31	7.34
<b>- Accrued Expenses</b>					
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	0.94	17.80
Other Subsidiary Companies		-	-	0.41	0.05
Other Related Companies		0.05	1.24	0.04	1.15
Other Related Juristic Persons		0.09	0.01	-	-
Total		0.14	1.25	1.39	19.00
<b>- Accounts Payable-Assets</b>					
Other Related Companies		0.37	-	-	-
<b>- Advance Received from Customers for Goods, Rental Fee and Deposit</b>					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	11.65	0.09
Thai Fermentation Industry Co., Ltd.	Related	7.18	46.11	-	8.75
Other Subsidiary Companies		-	-	0.47	0.47
Other Related Companies		0.78	1.04	0.76	1.04
Total		7.96	47.15	12.88	10.35

(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statements	
		As at October 31,		As at October 31,	
		2009	2008	2009	2008
- Short-Term Loan due to					
Tamaka Sugar Industry Co., Ltd.	Subsidiary				
Beginning balance		-	-	20.00	-
Increase in the period		-	-	418.00	238.00
Repayment in the period		-	-	(151.00)	(218.00)
Ending balance		-	-	287.00	20.00
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	135.00	43.00
Increase in the period		-	-	68.00	225.00
Repayment in the period		-	-	(203.00)	(133.00)
Ending balance		-	-	-	135.00
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	45.00	30.00
Repayment in the period		-	-	(40.00)	(30.00)
Ending balance		-	-	5.00	-
Khon Kaen Alcohol Co., Ltd.	Subsidiary				
Beginning balance		-	-	105.00	-
Increase in the period		-	-	152.50	144.00
Repayment in the period		-	-	(257.50)	(39.00)
Ending balance		-	-	-	105.00
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary				
Beginning balance		-	-	19.00	48.50
Increase in the period		-	-	541.00	93.00
Repayment in the period		-	-	(560.00)	(122.50)
Ending balance		-	-	-	19.00
K.S.L. Agro Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	-
Increase in the period		-	-	8.00	-
Repayment in the period		-	-	(3.00)	-
Ending balance		-	-	5.00	-
Total		-	-	297.00	279.00

As at October 31, 2009 and 2008, loans from subsidiaries are in the form of promissory notes with maturing within three months, bearing interest rate at 0.65-4.50% and 4.00-4.25% per annum respectively.

## 5.2 Inter-Revenues-Expenses

(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statements	
		For The Years Ended October 31,			
		2009	2008	2009	2008
- Sales and Services					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	45.93	122.69
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	0.12	7.10
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	12.36	4.13
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	190.34	256.66
Thai Fermentation Industry Co., Ltd.	Related	43.08	130.78	8.99	34.85
Prachaup Industry Co., Ltd.	Related	10.05	13.59	-	-
Mitr Kaset Sugar Industry Co., Ltd.	Related	1.16	-	-	-
Other Subsidiary Companies		-	-	0.02	0.02
Other Related Companies		1.08	0.34	0.	0.09
				0	
				6	
				9	
Total		55.37	144.71	257.85	425.52
- Purchases and Services					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	329.54	476.56
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	208.75	274.92
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	4.38	40.39
Khon sKaen Alcohol Co., Ltd.	Subsidiary	-	-	11.58	11.33
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	112.84	148.72
Thai Fermentation Industry Co., Ltd.	Related	2.90	2.69	0.86	0.66
Sahamitre Machines Co., Ltd.	Related	1.31	9.11	1.09	3.14
Total		4.21	11.80	669.04	955.72
- Dividend Received					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	135.32	151.56
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	3.17	-
Other Subsidiary Companies		-	-	0.04	-
Total		-	-	138.53	151.56
- Other Incomes					
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	35.62	34.36
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	256.36	297.43
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	1.26	1.63
Koh Kong Plantation Co., Ltd.	Subsidiary	-	-	0.52	10.36
Thai Fermentation Industry Co., Ltd.	Related	0.27	2.20	-	-
Chengteh Chinaware (Thailand) Co., Ltd.	Related	1.51	1.46	1.45	1.46
K. K. Wood Industry Co., Ltd.	Related	0.76	1.49	0.76	1.44
Other Subsidiary Companies		-	-	1.68	0.86
Other Related Companies		1.13	0.95	0.97	0.96

Total	3.67	6.10	298.62	348.50
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(Unit : Million Baht)

Type of Transaction/Company Name	Relationship	Consolidated Financial Statements		Separate Financial Statement	
		For The Years Ended October 31,			
		2009	2008	2009	2008
<b>- Interest Incomes</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	0.29	2.39
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	4.81	0.55
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	0.05	2.68
Other Susidiary Companies		-	-	0.27	0.61
Total		-	-	5.42	6.23
<b>- Other Expenses</b>					
Thai Sugar Terminal Public Co., Ltd.	Subsidiary	-	-	5.45	5.58
K.S.L. Export Trading Co., Ltd.	Subsidiary	-	-	4.32	4.35
T S Warehouse Co., Ltd.	Subsidiary	-	-	2.68	2.51
Khon Kaen Alcohol Co., Ltd.	Subsidiary	-	-	1.26	-
Khon Kaen Sugar Power Plant Co., Ltd.	Subsidiary	-	-	1.26	-
K.S.L. IT Center Co., Ltd.	Related	7.99	7.90	2.20	2.39
K.S.L. Tower Juristic Person Office	Related Juristic Person	9.53	8.54	8.40	8.42
Kerry Siam Seaport Co., Ltd.	Related	6.87	16.17	6.85	12.38
Prachaup Industry Co.,Ltd.	Related	0.36	1.59	-	-
Other Susidiary Companies		-	-	1.11	0.17
Other Related Companies		1.56	0.31	0.56	0.21
Total		26.31	34.51	34.09	36.01
<b>- Interest Expenses</b>					
Tamaka Sugar Industry Co., Ltd.	Subsidiary	-	-	1.04	0.47
New Krung Thai Sugar Factory Co., Ltd.	Subsidiary	-	-	1.18	1.03
Other Susidiary Companies		-	-	1.55	0.87
Total		-	-	3.77	2.37
<b>- Gain (Loss) from Sale Assets</b>					
New Kwang Soon Lee Sugar Factory Co., Ltd.	Subsidiary	-	-	-	7.39
Other Related Companies		-	(0.90)	-	(0.90)
Total		-	(0.90)	-	6.49

**Policy of Inter-Price Setting**

- The prices for the inter-borrowing and returning of sugar transaction within the group companies determined by based on the world market price at the beginning of the production season and the purchase/sale transactions will commence in the last quarter of the year.
- The prices for the inter-sales - purchase goods are in accordance with the prices stipulated in the mutually agreed contracts, which is higher than cost.

- The purchase/sale prices of assets with subsidiary and related companies are those mutually agreed upon which are higher than cost.
- Revenue from selling of supplies are charged at cost.
- Revenue 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, and will be increased by 10% for every 3 years. Once the lease is expired, ownership rights on all constructions built on the leased land were vested to the lessor.
- The incomes from land lease and construction with the terms range from 2 months to 3 years are in accordance with the mutually agreed prices.
- Inter-Service income, other incomes and expenses are charged according to the normal price charged to general clients.
- Fees for goods custody are charged according to the volume of the goods and the custody time, which are general rates in the market.
- The expenses paid on behalf of each other are charged according to actual expenses.

### 5.3 Relationship of Related Companies and Individual

Consisted of :-

<u>Company Name</u>	<u>Relationship</u>	<u>Connection</u>
K.S.L. IT Center Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
Chengteh Chinaware (Thailand) Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same shareholder Group /Mutual directors
K.K. Wood Industry Co., Ltd.	Related Company	Same shareholder Group
Amarco Co., Ltd.	Related Company	Same shareholder Group
Thai Fermentation Industry Co., Ltd.	Related Company	Same shareholder Group
Rajburi Sugar Co., Ltd.	Related Company	Mutual directors in Subsidiary
Mitr Kaset Sugar Industry Co., Ltd.	Related Company	Mutual directors in Subsidiary
*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
Eastern Sugar and Sugar Cane Co., Ltd.	Related Company	Mutual directors in Subsidiary
Sahamit Machinery Public Company Limited	Related Company	Mutual directors

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.

\* This company is not considered as a related company since the management of the Company has withdrawn from being directors of the said company from the second quarter of the year 2009.

#### 6. Privileges of Benefits from Promoted Investment

Three domestic subsidiary companies received 6 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act. B.E. 2520. The benefits includes the exception of corporate income tax for net profit derived from operation of promoted businesses for the period of 8 years commencing from the first date of income received from the promoted business. The details are as follows :-

<u>Certificate No.</u>	<u>Sections</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date</u> <u>of revenues</u> <u>generated</u>	<u>Expire date</u>
1929(2)/2547	25, 26, 28, 31, 34, 35(3), 36(1) and 36(2)	November 2, 2004	- Production of Pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	January 2006 March 2006	December 2013 February 2014
1062(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1) and 36(2)	January 30, 2009	- Production of Pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	Income not yet derived Income not yet derived	
1063(2)/2552	25, 26, 28, 31, 34, 35(3), 36(1) and 36(2)	January 30, 2009	- Production of Pure alcohol or fuel from agricultural products, including scraps, garbage or waste - Production of biological fertilizers or organic fertilizers	Income not yet derived Income not yet derived	
1258(2)/2548	25, 26, 28, 31(3), 31(4), 34 and 35(3)	March 29, 2005	- Production of electricity power and steams	December 22, 2006	December 21, 2014
1432(2)/2552	25, 26, 28, 31(1), 31(2), 31(3), 31(4), 34, 35(1), 35(2) and 35(3)	June 24, 2009	- Production of electricity power and steams	Income not yet derived	
1657(2)/2552	25, 26, 28, 31(1), 31(3), 31(4) and 34	August 25, 2009	- Production of pure vegetable oil and /or semi-pure vegetable oil.	Income not yet derived	

Furthermore, in the promotion certificate no. 1432(2)/2552, the electricity and steam products receives the tax privilege in deduction of the corporate income tax rate at 50% of the regular rate for the period of 5 years commencing from the expired date and in the promotion certificate no. 1657(2)/2552 receives the tax privilege by excepting import duties for approved machines and excepting the corporate income tax for the dividend received from promoted businesses for the entire period the corporate income tax is exempted.

Three foreign subsidiary companies received the foreign investment certificate and tax privilege benefit with 1 investment certificate from Lao People's Democratic Republic and 5 investment certificates from Kingdom Cambodia as the following details :-

- 1). Foreign investment certificate no. 017-06/ Khor Lor Tor receives tax privilege by exempting the corporate income tax for 5 years from the date the income is 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, 2009, there was no income derived from the said promoted business yet.
- 2). Foreign investment certificate no. 4420/06 Ghor Wor Ghor dated December 15, 2006 issued by Council for the Development of Cambodia receives tax privilege by excepting duties in importing machines for manufacturing and construction materials.
- 3). Foreign investment certificate no. 4342/07 Ghor Wor Ghor dated November 20, 2007 issued by Council for the Development of Cambodia receives tax privilege by excepting duties in importing machines for manufacturing and construction materials.
- 4). Foreign investment certificate no. 1641/09 Ghor Wor Ghor dated July 28, 2009 issued by Council for the Development of Cambodia receives tax privilege by exemption of income tax for the period of 8 years, including priority period commencing from the date that the company commenced the operation.
- 5). Foreign investment certificate no. 1642/09 Ghor Wor Ghor dated July 28, 2009 issued by Council for the Development of Cambodia receives tax privilege by exemption of income tax for the period of 9 years, including priority period commencing from the date that the company commenced the operation.
- 6). Tax exemption certificate for agriculture - industrial (sugar cane) no. 4511 dated July 29, 2009 issued by the Ministry of Economy and Finance, Cambodia receives the privilege to charge the value-added tax at 0% for the sugar that produce especially for export. This certificate is valid for the period of 1 year commencing from July 29, 2009 to July 28, 2010.

#### 7. Short-Term Investments-Net

Consisted of :-

<u>Company's name</u>	(Unit : Baht)	
	<u>Consolidated Financial Statements</u>	
	<u>As of October 31,</u>	
	<u>2009</u>	<u>2008</u>
Investments in marketable debt securities available for sales		
- Siam Commercial Bank Treasury Money Open End Fund	166,000,000.00	-
<u>Add</u> Unrealized gain on revaluation of securities available for sales	128,134.26	-
Investments in marketable debt securities available for sale-net	166,128,134.26	-
Investments in marketable equity securities available for sales		
- TPI Polene Public Co., Ltd.	2,721,589.64	2,721,589.64
- Land and Houses Public Co., Ltd.	1,593,751.91	1,593,751.91



Total	4,315,341.55	4,315,341.55
<u>Less</u> Unrealized loss on revaluation of securities available for sales	(2,222,341.55)	(2,981,841.55)
Investments in marketable equity securities available for sales - net	2,093,000.00	1,333,500.00
Investments in marketable equity and debt securities available for sale-net	168,221,134.26	1,333,500.00

8. Trade Accounts and Notes Receivable-Net

Consisted of :-

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Domestic Trade Accounts Receivable				
Not yet due	451,227,106.79	343,974,515.32	117,005,244.68	85,837,677.00
Overdue less than 3 months	42,864,193.30	93,583,489.71	6,779,648.40	-
Overdue more than 3 months but not over 6 months	-	1,007,861.38	-	-
Overdue more than 6 months but not over 9 months	1,870,350.00	2,154,180.03	-	-
Overdue more than 9 months but not over 12 months	10,689,874.48	-	-	-
Total	506,651,524.57	440,720,046.44	123,784,893.08	85,837,677.00
Overseas Trade Accounts Receivable				
Not yet due	76,435,499.89	228,709,715.73	820,208.20	175,079,686.49
Overdue less than 3 months	410,104.10	-	410,104.10	-
Total	76,845,603.99	228,709,715.73	1,230,312.30	175,079,686.49
Total Trade Accounts Receivable	583,497,128.56	669,429,762.17	125,015,205.38	260,917,363.49
Notes Receivable	23,602,246.86	31,736,842.11	-	9,726,037.15
Total Trade Accounts and Notes Receivable	607,099,375.42	701,166,604.28	125,015,205.38	270,643,400.64
<u>Less</u> Allowance for Doubtful Debts	(9,916,147.25)	(1,976,919.57)	-	-
Net	597,183,228.17	699,189,684.71	125,015,205.38	270,643,400.64

9. Trade Accounts Receivable-Subsidiary and Related Companies

Consisted of :-

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Trade Accounts Receivable				
Not yet due	2,574,972.47	2,846,297.85	-	12,503,342.83
Total	2,574,972.47	2,846,297.85	-	12,503,342.83

10. Farmer Accounts Receivable-Net

Consisted of :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>	
	<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>
Cane Accounts Receivable		
Before Season 2004 / 2005	45,612,687.22	48,523,405.06
Season 2004 / 2005	5,644,170.33	6,971,230.46
Season 2005 / 2006	10,398,403.07	13,842,101.57
Season 2006 / 2007	4,181,621.78	4,656,179.18
Season 2007 / 2008	9,897,066.06	19,248,068.28
Season 2008 / 2009	2,161,969.93	-
Total	77,895,918.39	93,240,984.55
Fuel Oil, Fertilizer and Other Service Charge Accounts Receivable	2,624,442.62	7,425,757.39
Total	80,520,361.01	100,666,741.94
<u>Less</u> Allowance for Doubtful Debts	(68,172,767.41)	(71,125,146.11)
Net	12,347,593.60	29,541,595.83

11. Short-Term Loans due from Farmers

As at October 31, 2009 and 2008, the majority of these loans are in the form of post-dated cheques in the consolidated financial statements amounts of Baht 262.61 million and Baht 268.77 million respectively, and in the separate financial statements at the portions amounts of Baht 88.93 million and Baht 35.89 million respectively, were discounted by the farmers with the Company and its subsidiary companies at the interest rate based on the lending rate of commercial banks and the remaining portions were advances made for farmers.

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Refined sugar	359,468,489.11	450,435,713.60	142,241,040.67	227,903,645.97
White sugar	453,118,989.38	402,519,464.05	340,088,332.91	291,665,384.45
Raw sugar	141,006,911.35	272,254,905.74	7,304,298.23	219,411,471.14
Molasses for sale	112,014,850.71	18,289,312.33	17,708,150.00	9,272,753.27
Alcohol and Fertilizer	17,308,620.33	31,932,930.46	-	-
Alcohol and fertilizer in process	41,889,994.24	49,724,203.52	-	-
Raw material-Alcohol	23,282,732.42	-	-	-
Finished wheat flour	11,099,621.25	5,898,733.04	-	-
Wheat flour in process	15,497,508.95	17,151,700.42	-	-
Raw material-wheat flour	375,696,170.56	504,186,976.07	-	-
Polypropylene bags	1,694,905.96	-	-	-
Polypropylene bags in process	14,366,114.59	-	-	-
Raw material-Polypropylene bags	2,038,504.94	-	-	-
Other inventories	9,596,431.51	4,569,517.82	-	-
Raw material in transit	43,579,137.98	-	-	-
Factory supplies	152,740,180.01	132,581,448.13	53,603,064.92	55,117,841.49
Total	1,774,399,163.29	1,889,544,905.18	560,944,886.73	803,371,096.32
<u>Less</u> Allowance for dilapidated goods and factory supplies	(633,029.09)	(613,286.09)	-	-
Net	1,773,766,134.20	1,888,931,619.09	560,944,886.73	803,371,096.32

13. Real Estate Development Cost

Consisted of :-

	(Unit : Baht)	
	<u>Consolidated Financial Statements</u>	
	<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>
Real Estate during Construction		
Land	-	6,970,094.09
Other Related Land Expenses	-	2,031,788.73
Utilities System	-	3,558,743.08
Other Related Project Expenses	-	267,125.81
Work in Progress	-	12,116,189.14
Real Estate Ready for Sale		

Allocated Land Ready for Sale	17,111,590.68	17,111,590.68
Commercial Units	6,762,384.81	-
Residential Units	3,085,591.58	-
Total	26,959,567.07	42,055,531.53

As at October 31, 2009 and 2008, in the consolidated financial statements, two subsidiary companies have entered into 68 and 33 contracts respectively, of sale and purchase commercial units for the contractual value of Baht 62.21 million and Baht 31.50 million respectively, equivalent to 83.92% and 43.68% of the total project value.

As at October 31, 2009 and 2008, in the consolidated financial statements, part of real estate development cost at Baht 17.11 million, the same amount for both years, was allocated land of a subsidiary company for residential and agricultural purpose awaiting for sale.

#### 14. Other Accounts Receivable-Cane Value-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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Other Accounts Receivable-Cane Value	571,555,898.83	571,555,898.83	309,796,899.90	309,796,899.90
<u>Less</u> Accrued Price Stabilization Function Payment	(94,879,050.51)	(94,879,050.51)	(46,138,399.28)	(46,138,399.28)
Fees for Cane and Sugar Cane Research	(21,791,426.89)	(21,791,426.89)	(10,060,751.67)	(10,060,751.67)
Payable to Bank for Agriculture and Agricultural Cooperatives	(60,184,373.40)	(60,184,373.40)	(25,814,818.65)	(25,814,818.65)
Net	394,701,048.03	394,701,048.03	227,782,930.30	227,782,930.30
Cash Received from the Cane and Sugar Fund	(391,353,807.63)	-	(226,347,202.13)	-
Net	3,347,240.40	394,701,048.03	1,435,728.17	227,782,930.30

For the production season 2006/2007, the final cane price and the final compensation for the production and distribution of sugar were less than the initial cane price. In accordance to the Cane and Sugar Act B.E. 2527, Section 56 determined that the Cane and Sugar Fund (“the Fund”) pays the compensation to the Company and its subsidiary companies at the amount equal to such difference and the cane farmers do not have to return the excess amount of the cane price received. In year 2007, the different amount, which the Company and its subsidiary companies paid the initial cane price to the farmers as published in the Royal Gazette, was higher than the final price in the note to the financial statement No. 24 and is reflected as the “Other Accounts Receivable-Cane Value”. According to the letter from the Fund No. Wor.026/2551 dated June 4, 2008, covering the matter about setting-off debts between amount that the Fund has to pay in compensation for the difference between cane price and sugar cane distribution price in production season 2006/2007 with the amount that sugar-cane factories due to the Fund, the Company and its subsidiary companies thus set-off items in the consolidated and separate financial statements which are price stabilization cost, fees for cane and sugar

cane research and deductions from final cane price to repay debt due to Bank for Agriculture and Agricultural Cooperatives for the amounts of Baht 176.85 million and Baht 82.01 million respectively, resulting in other receivables (for cane sold) decreased by the same amount. As in the consolidated and separate financial statements the remaining amounts of Baht 3.35 million and Baht 1.44 million respectively, were interest expense calculated from cash deducted from final cane sold in order to repay debt to Bank for Agriculture and Agricultural Cooperatives which the Fund had asked for cooperation from factories to levy from cane farmers at 5% per annum. The Company is in the process of applying the right to ask for the return of such interest.

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

Consisted of :-

										(Unit : Baht)	
										Consolidated Financial Statements	
										As at October 31, 2009	As at October 31, 2008
Company Name	Paid-Up		Percentage of		Investment			Investment			
	Share Capital		Shareholding		Cost	Equity	Dividend	Cost	Equity	Dividend	
	2009	2008	2009	2008							
	(Thousand Baht)		(%)								
<u>Associated Company</u>											
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800,000.00	48,799,333.84	-	73,800,000.00	47,434,445.10	-	
Total					73,800,000.00	48,799,333.84	-	73,800,000.00	47,434,445.10	-	
										(Unit : Baht)	
										Separate Financial Statements	
										As at October 31,	
Company Name	Paid-Up		Percentage of		Investment		Investment		Dividend		
	Share Capital		Shareholding		Cost		Cost		Dividend		
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
	(Thousand Baht)		(%)								
<u>Subsidiary and Associated Companies</u>											
Thai Sugar Terminal Public Co., Ltd.	132,000	120,000	23.82	23.82	81,966,759.79	79,108,599.79	3,175,733.30	-	-	-	
New Krung Thai Sugar Factory Co., Ltd.	604,375	604,375	93.01	93.01	438,768,484.58	438,768,484.58	-	-	-	-	
Tamaka Sugar Industry Co., Ltd.	600,000	600,000	90.21	90.21	523,337,347.61	523,337,347.61	135,321,857.50	151,560,480.40	-	-	
New Kwang Soon Lee Sugar Factory Co., Ltd.	500,000	500,000	98.61	98.61	569,284,258.19	569,284,258.19	-	-	-	-	
K.S.L. Real Estate Co., Ltd.	140,000	140,000	80.31	80.31	89,134,074.29	89,134,074.29	-	-	-	-	
K.S.L. Export Trading Co., Ltd.	20,000	20,000	33.88	33.88	6,775,000.00	6,775,000.00	-	-	-	-	
KSL Chemical Co., Ltd.	7,500	7,500	100.00	100.00	6,618,488.66	6,618,488.66	-	-	-	-	
Khon Kaen Sugar Power Plant Co., Ltd.	800,000	660,000	100.00	100.00	799,972,000.00	659,972,000.00	-	-	-	-	
Khon Kaen Alcohol Co., Ltd.	551,500	317,500	100.00	100.00	551,485,600.00	317,485,600.00	-	-	-	-	
KSL. Agro Co., Ltd.	270,000	175,000	100.00	100.00	269,999,920.00	174,999,920.00	-	-	-	-	
Savannakhet Sugar Corporation	351,082	351,082	97.00	97.00	342,059,200.00	342,059,200.00	-	-	-	-	
Koh Kong Plantation Co., Ltd.	-	553,905	-	50.00	-	276,952,250.00	-	-	-	-	
Koh Kong Sugar Industry Co., Ltd.	798,900	798,900	50.00	50.00	399,450,000.00	399,450,000.00	-	-	-	-	
Wynn In Trading Co., Ltd.	34,150	34,150	100.00	100.00	34,149,998.20	34,149,998.20	-	-	-	-	
T S G Assets Co., Ltd.	50,000	50,000	4.10	4.10	2,061,429.54	2,061,429.54	-	-	-	-	
T S G Properties Co., Ltd.	135,000	30,000	0.62	4.11	1,237,672.44	1,237,672.44	-	-	-	-	
T S Flour Mill Co., Ltd.	400,000	400,000	0.09	0.09	393,055.34	393,055.34	-	-	-	-	
T S Warehouse Co., Ltd.	12,500	12,500	4.02	4.02	508,543.53	508,543.53	36,276.40	-	-	-	
T S Transport and Logistic Co., Ltd.	80,000	50,000	10.12	16.20	8,107,979.09	8,107,979.09	-	-	-	-	
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800,000.00	73,800,000.00	-	-	-	-	
Total					4,199,109,811.26	4,004,203,901.26	138,533,867.20	151,560,480.40	-	-	
<u>Plus</u> Advance Payment for Share Subscription- Savannakhet Sugar Corporation					169,880,000.00	-	-	-	-	-	

Total	4,368,989,811.26	4,004,203,901.26	138,533,867.20	151,560,480.40
<u>Less</u> Allowance for Impairment of Investments	(95,670,298.20)	(77,970,234.50)	-	-
Net	4,273,319,513.06	3,926,233,666.76	138,533,867.20	151,560,480.40

In the third quarter of 2009, the Company received ordinary share dividend from Thai Sugar Terminal Public Co., Ltd. for the number of 2.86 million shares at par value of Baht 1.00 per share totalling Baht 2.86 million in accordance with the proportion of shareholdings. The said subsidiary registered the increased share capital with the Ministry of Commerce on May 19, 2009.

In the second quarter of 2009, TSG Property Co., Ltd. increased authorized share capital by Baht 170.00 million and called up the first issue of 25% of increased authorized share capital. Then in the fourth quarter of 2009, another 25% of increased authorized share capital was called up; aggregate to, the total of 50% share subscription of the increased authorized capital. The said subsidiary registered the increased share capital with the Ministry of Commerce on April 1, 2009 Thai Sugar Terminal Public Company Limited, which is a subsidiary company, subscribed the whole amount, resulting in the increase in shareholding proportion from 62.07% to 94.31% but the shareholding proportion of the Company decreased from 4.11% to 0.62%.

In the fourth quarter of 2009, TS Transport and Logistic Co., Ltd. increased authorized share capital by Baht 30.00 million which fully called and paid up. The company registered such increase with the Ministry of Commerce on October 5, 2009. Thai Sugar Terminal Public Company Limited, which is a subsidiary company, subscribed the whole amount because the current shareholders relinquished their right, resulting in the increase in shareholding proportion from 77.44% to 85.90% but the shareholding proportion of the Company decreased from 16.20% to 10.12%.

In the third quarter of 2009, the Company made an additional investment in ordinary shares for the capital increase of Khon Kaen Sugar Power Plant Co., Ltd. for value of Baht 140.00 million, maintaining the same shareholding proportion as previously held.

In the second and fourth quarter of 2009, the Company made additional investment in ordinary shares for the capital increase of Khon Kaen Alcohol Co., Ltd. for value of Baht 112.50 million and Baht 121.50 million respectively, maintaining the same shareholding proportion as previously held.

In the second and third quarters of 2009, the Company made additional investment in ordinary shares for the capital increase of KSL. Agro Co., Ltd. for value of Baht 85.00 million and Baht 10.00 million respectively, maintaining the same shareholding proportion as previously held.

In the third quarter of 2009, the Company paid the advance share subscription fee for an additions investment in the increase in ordinary share capital of Savannakhet Sugar Corporation at Baht 169.88 million under the current shareholding proportion. The said subsidiary company is in the process of registering the increase of share capital.

In the first quarter of 2009, the Company sold all investment in ordinary shares of Koh Kong Plantation Co., Ltd. to Wynn In Trading Co., Ltd. which is its subsidiary company at investment value of USD 8.00 million (Baht 272.55 million) resulting in loss from exchange rate at amount of Baht 4.40 million.

The financial statements of three foreign subsidiary companies, which were also consolidated, have been audited by other certified auditors. As at October 31, 2009 and 2008, there were, in the related financial statements, the total assets amounts of Baht 4,244.00 million and Baht 3,403.62 million respectively, and for the years ended on October 31, 2009 and 2008, the total revenue was Baht 41.24 million and Baht 30.22 million respectively, and the total net loss was Baht 338.94 million and Baht 34.97 million respectively.

The financial statements of six local subsidiary companies, which were also consolidated, have been audited by other certified auditors. As at October 31, 2009 there were, in the related financial statements, the total assets amounts of Baht 2,388.50 million and for the years ended on October 31, 2009, the total revenue was Baht 1,471.48 million and the total net profit was Baht 186.85 million.

As at October 31, 2009 and 2008 in the consolidated financial statements, the financial statements of Champion Fermentation Co., Ltd., an associated company, which were accounted by equity method were prepared by the Company's management and have not been audited by a certified auditor. The Company recognized participating equity from investment in the associated company as participating profit (loss) recognized in the consolidated income statement for the years ended on October 31, 2009 and 2008 at amount of Baht 1.36 million and Baht (2.24) million respectively, or equivalent to 0.14% and 0.23% of the consolidated net profit respectively.

## 16. 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	2009	2008	2009	2008		
			Financial Statements	Financial Statements						
			2009	2008	2009	2008				
<b>16.1 Available for Sale Securities Investment</b>										
Investment in Debt Securities										
- Subordinated Debenture							4,000,000.00	4,000,000.00	-	-
Investment in Marketable Equity Securities										
- Bangkok Bank Public Co., Ltd.							336,180.00	336,180.00	336,180.00	336,180.00
- Ratchaburi Egeo Holding Public Co., Ltd.							791,700.00	791,700.00	791,700.00	791,700.00
- Finansa Public Co., Ltd.							50,000.00	50,000.00	50,000.00	50,000.00
<u>Add Unrealized Gain on Available for Sale Securities</u>							2,802,180.24	1,567,889.44	2,745,885.00	1,725,415.00
Fair Value of Available for Sale Securities Investment							7,980,060.24	6,745,769.44	3,923,765.00	2,903,295.00
<b>16.2 General Investments</b>										
- Thai Cane and Sugar Corp. Ltd.	Export Agent	20,000	3.93	3.93	1.61	1.61	786,600.00	786,600.00	322,600.00	322,600.00
- Thai Sugar Miller Co., Ltd.	Marketing Information									
	Service	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	-	11.23	-	5.95	-	72,968,599.47	-	47,629,728.37
Total General Investments							795,300.00	73,763,899.47	324,775.00	47,954,503.37

(Unit : Baht)

(Unit : Baht)

Company Name	Kind of Business	Paid-Up Share Capital (Thousand Baht)	Percentage of Holding		Consolidated Financial Statements		Separate Financial Statements	
			% Consolidated	% Separate	As at October 31, 2009 2008		As at October 31, 2009 2008	
					<u>Financial Statements</u>		<u>Financial Statements</u>	
					<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
16.3 <u>Investment in Held-to-Maturity Debt Securities</u>								
- Bonds					15,964,423.20	13,921,762.04	6,857,318.26	6,857,318.26
<u>Less</u> Accumulated Amortization					(401,065.46)	(330,818.33)	(327,450.99)	(258,962.44)
Amortized Cost					15,563,357.74	13,590,943.71	6,529,867.27	6,598,355.82
Total Other Long-Term Investments - Net					24,338,717.98	94,100,612.62	10,778,407.27	57,456,154.19

As at October 31, 2009 and 2008, bonds which had the book value in the consolidated financial statements amounts of Baht 15.56 million and Baht 13.41 million respectively, and in the separate financial statements amounts of Baht 6.53 million and Baht 6.42 million respectively, have been pledged as guarantee for electricity usage with the Provincial Electricity Authority.

In first quarter of 2009, the Company and subsidiary companies sold their entire investment in Kerry Siam Seaport Co., Ltd. at Baht 28.50 per share as in the consolidated financial statements and separate financial statements presenting the sale value of Baht 208.23 million and Baht 110.17 million respectively, and profit gained from such sale of Baht 135.26 million and Baht 62.54 million respectively.

## 17. Deferred Cane Plantation Cost-Net

Movement of deferred cane plantation cost for the year ended October 31, 2009 and 2008 are as follows :-

	(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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Beginning Book Value-Net	402,248,014.32	156,249,369.11	23,342,715.57	22,745,067.22
Additional cost during the year				
- Cost of cane plantation	508,538,167.95	256,972,153.64	53,492,444.45	42,202,036.52
- Transfer from land development cost and depreciation	95,212,750.27	55,561,663.45	2,409,305.01	2,664,496.65
Accumulated cost of cane planted	1,005,998,932.54	468,783,186.20	79,244,465.03	67,611,600.39
- Amortized cane cost during the year	(70,160,821.77)	(54,892,048.54)	(31,963,265.88)	(43,780,588.71)
- Written-off	(46,801,675.98)	(12,686,266.89)	-	-
Ending Book Value	889,036,434.79	401,204,870.77	47,281,199.15	23,831,011.68
Loss from damaged cane	(30,742,939.34)	(14,206,652.35)	(485,945.85)	(488,296.11)
Loss from value impairment	(156,906,879.63)	(2,430,983.03)	-	-
Difference from translation adjustment	(11,623,232.71)	17,680,778.93	-	-
Ending Book Value-Net	689,763,383.11	402,248,014.32	46,795,253.30	23,342,715.57



The Company and its subsidiary companies recorded the deferred cane plantation cost at the cost value less accumulated depreciation and accumulated allowance for 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, 2009 and 2008, part of the deferred cane plantation cost belongs to the Company which planted on the farmers' lands at Baht 0.11 million and Baht 3.83 million respectively, and another part at amount of Baht 629.59 million and Baht 366.46 million respectively, belongs to two subsidiary companies who perform cane plantation on leased land as follows :-

- The first subsidiary company for the amounts of Baht 159.20 million and Baht 102.57 million respectively, perform cane plantation on the land leased from the government of the Lao People's Democratic Republic as specified in the notes to the financial statements No. 38.1
- The second subsidiary company for the amounts of Baht 467.39 million and Baht 263.89 million respectively, perform cane plantation on the land leased from the government of the Kingdom of Cambodia as specified in the notes to the financial statements No. 38.2

#### 18. Loans for Cane Plantation Development-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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cane Growing Promotion Loans	98,721,119.11	114,517,566.46	10,891,600.00	-
<u>Less</u> Current Portion of				
Loans for Cane Plantation Development	(23,878,328.59)	(28,600,030.14)	(4,950,000.00)	-
Total	74,842,790.52	85,917,536.32	5,941,600.00	-
<u>Less</u> Allowance for Doubtful Debts	(5,915,480.55)	(5,915,480.55)	-	-
Net	68,927,309.97	80,002,055.77	5,941,600.00	-

As at October 31, 2009, in the separate financial statement, cane growing promotion loans were loans given for the Company for the purpose to purchase agricultural machines. Loans are made for 3 year term, repayment by installments at Baht 0.99 million per installment and interest chargeable at 6.85-7.25% per annum and payable every three months. Ownership rights on purchased agricultural machines are pledged as collaterals.

As at October 31, 2009 and 2008, cane growing promotion loans of the four subsidiary companies were loans made to farmers for the purpose to buy lands to plant cane and buy agricultural apparatus. The loan agreements were made for the period of 1-10 years or longer at the same interest rates of 5.00-10.00% per annum for both years. These loans were mostly secured by the farmers using lands and vehicles as collaterals.

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

On January 9, 2008, the Office of Cane and Sugar Board issued letter No. Or Gor. 0602/Wor 72 informing the Cabinet resolution approving payment for compensation the difference between cane price and final and initial sugar production and distribution compensation to the Company and its subsidiaries which calculated from the difference of compensation rate of final sugar production and distribution which is lower than initial price multiplied by the volume of cane going into the production process. In accordance with minutes of the Cane and Sugar Board's meeting No. 3/2551 held on March 4, 2008, it resolved to made payment for compensation of sugar production and distribution as a factory credit and Cane and Sugar Fund will gradually repays it out of collections from cane and sugar industry. (In accordance to the minutes of the Cane and Sugar Board's meeting No.4/2551 held on April 3, 2008, it is resolved to collect money for cane and sugar industry stabilization maintenance in order to pay compensation to the factories for the period of 5 years and this matter is in the process of issuance of regulation to support such collections).

20. Property, Plant and Equipment-Net

Consisted of :-

(Unit : Baht)

	Consolidated Financial Statements						
	Land and Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Assets in Construction	Total
<b>Cost :</b>							
As at October 31, 2008	1,363,751,175.38	1,788,960,063.53	6,265,459,079.48	784,647,054.76	311,925,193.93	2,341,397,236.14	12,856,139,803.22
Purchase	151,719,463.11	12,876,222.01	57,686,224.69	33,446,290.63	7,779,388.92	4,288,865,845.91	4,552,373,435.27
Transfer in	102,876,255.92	544,082,365.50	387,237,992.51	80,985,207.02	3,902,841.70	-	1,119,084,662.65
Disposals/Written off	(6,682,668.72)	(21,719,213.50)	(105,287,599.49)	(7,283,417.57)	(11,663,460.39)	-	(152,636,359.67)
Transfer out	-	-	-	-	-	(1,139,016,907.01)	(1,139,016,907.01)
Difference from Translation Adjustment	(11,104,579.51)	(114,495.10)	(1,086,226.80)	(5,806,436.85)	(179,491.54)	(59,121,574.67)	(77,412,804.47)
As at October 31, 2009	1,600,559,646.18	2,324,084,942.44	6,604,009,470.39	885,988,697.99	311,764,472.62	5,432,124,600.37	17,158,531,829.99
<b>Accumulated Depreciation :</b>							
As at October 31, 2008	(68,231,374.35)	(918,461,672.85)	(3,768,111,047.16)	(434,602,794.41)	(260,190,478.38)	(273,007,393.54)	(5,722,604,760.69)
Depreciation for the year	(13,970,872.40)	(48,314,801.06)	(286,647,148.05)	(120,881,073.87)	(16,363,512.22)	-	(486,177,407.60)
Disposals/Written off	-	14,588,291.00	101,441,482.96	6,277,718.17	10,853,617.42	-	133,161,109.55
Difference from Translation Adjustment	(234,192.07)	(192,488.70)	(228,542.61)	(1,467,284.00)	(44,190.69)	-	(2,166,698.07)
As at October 31, 2009	(82,436,438.82)	(952,380,671.61)	(3,953,545,254.86)	(550,673,434.11)	(265,744,563.87)	(273,007,393.54)	(6,077,787,756.81)
<b>Revaluation Surplus on Assets :</b>							
As at October 31, 2008	1,253,983,497.16	997,859,679.44	3,743,645,933.62	4,658,000.00	21,717,956.42	99,463,612.25	6,121,328,678.89
Disposals	(2,346,818.73)	(11,470,239.71)	(58,614,213.02)	-	-	-	(72,431,271.46)
Increase(Decrease) in the year	12,077,849.08	161,452,069.95	5,156,388.72	-	18,009,129.27	-	196,695,437.02
As at October 31, 2009	1,263,714,527.51	1,147,841,509.68	3,690,188,109.32	4,658,000.00	39,727,085.69	99,463,612.25	6,245,592,844.45
<b>Accumulated Depreciation-Revaluation Surplus on Assets :</b>							
As at October 31, 2008	(47,416,771.37)	(309,525,123.46)	(1,490,389,564.57)	(4,658,000.00)	(14,771,784.45)	(28,414,239.66)	(1,895,175,483.51)
Depreciation for the year	(14,081.11)	(59,942,983.25)	(248,910,415.47)	-	(4,024,815.57)	-	(312,892,295.40)
Disposals	-	765,953.40	25,666,352.53	-	-	-	26,432,305.93
As at October 31, 2009	(47,430,852.48)	(368,702,153.31)	(1,713,633,627.51)	(4,658,000.00)	(18,796,600.02)	(28,414,239.66)	(2,181,635,472.98)
<b>Allowance for Impairment on Assets :</b>							
As at October 31, 2008	(17,299,225.59)	(9,153,697.14)	(6,253,911.63)	-	-	-	(32,706,834.36)
(Increase)Decrease in the year	(2,983,683.01)	(128,090.04)	-	-	-	-	(3,111,773.05)
As at October 31, 2009	(20,282,908.60)	(9,281,787.18)	(6,253,911.63)	-	-	-	(35,818,607.41)
<b>Net Book Value :</b>							
As at October 31, 2008	2,484,787,301.23	1,549,679,249.52	4,744,350,489.74	350,044,260.35	58,680,887.52	2,139,439,215.19	11,326,981,403.55
As at October 31, 2009	2,714,123,973.79	2,141,561,840.02	4,620,764,785.71	335,315,263.88	66,950,394.42	5,230,166,579.42	15,108,882,837.24
<b>Depreciation in Income Statement</b>							
For the year ended on October 31, 2008							339,106,198.61
For the year ended on October 31, 2009							390,964,657.33

(Unit : Baht)

	<u>Separate Financial Statements</u>						Total
	Land and Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Assets in Construction	
<b>Cost :</b>							
As at October 31, 2008	270,403,883.38	801,437,226.56	2,341,971,075.02	362,558,180.08	70,861,170.67	162,359,949.65	4,009,591,485.36
Purchase	5,610,703.00	188,900.00	34,762,130.00	6,362,890.67	2,229,454.18	96,197,887.56	145,351,965.41
Transfer in	21,262,389.25	37,855,608.69	191,021,216.52	-	712,000.00	-	250,851,214.46
Disposals/Written off	-	(6,552,999.23)	(72,855,352.40)	(758,051.40)	(6,967,452.27)	-	(87,133,855.30)
Transfer out	-	-	-	-	-	(250,851,214.46)	(250,851,214.46)
As at October 31, 2009	297,276,975.63	832,928,736.02	2,494,899,069.14	368,163,019.35	66,835,172.58	7,706,622.75	4,067,809,595.47
<b>Accumulated Depreciation :</b>							
As at October 31, 2008	(7,118,037.40)	(388,175,288.51)	(1,570,540,955.07)	(279,103,878.69)	(58,662,019.65)	-	(2,303,600,179.32)
Depreciation for the year	(1,007,781.34)	(12,935,677.01)	(96,272,145.73)	(35,232,945.09)	(5,176,453.39)	-	(150,625,002.56)
Disposals/Written off	-	1,668,765.87	69,752,151.53	330,003.04	6,906,107.25	-	78,657,027.69
As at October 31, 2009	(8,125,818.74)	(399,442,199.65)	(1,597,060,949.27)	(314,006,820.74)	(56,932,365.79)	-	(2,375,568,154.19)
<b>Revaluation Surplus on Assets :</b>							
As at October 31, 2008	316,433,785.09	451,477,725.95	826,982,494.05	-	-	-	1,594,894,005.09
Disposals/Written off	-	-	(31,362,160.00)	-	-	-	(31,362,160.00)
As at October 31, 2009	316,433,785.09	451,477,725.95	795,620,334.05	-	-	-	1,563,531,845.09
<b>Accumulated Depreciation-Revaluation Surplus on Assets :</b>							
As at October 31, 2008	-	(52,516,628.34)	(245,496,706.75)	-	-	-	(298,013,335.09)
Depreciation for the year	-	(12,151,823.51)	(73,173,836.01)	-	-	-	(85,325,659.52)
Disposals/Written off	-	-	12,308,141.91	-	-	-	12,308,141.91
As at October 31, 2009	-	(64,668,451.85)	(306,362,400.85)	-	-	-	(371,030,852.70)
<b>Allowance for Impairment on Assets :</b>							
As at October 31, 2008	(10,449,620.00)	(8,705,472.81)	(3,816,801.32)	-	-	-	(22,971,894.13)
As at October 31, 2009	(10,449,620.00)	(8,705,472.81)	(3,816,801.32)	-	-	-	(22,971,894.13)
<b>Net Book Value :</b>							
As at October 31, 2008	569,270,011.07	803,517,562.85	1,349,099,105.93	83,454,301.39	12,199,151.02	162,359,949.65	2,979,900,081.91
As at October 31, 2009	595,135,321.98	811,590,337.66	1,383,279,251.75	54,156,198.61	9,902,806.79	7,706,622.75	2,861,770,539.54
<b>Depreciation in Income Statement</b>							
For the year ended on October 31, 2008							127,988,035.21
For the year ended on October 31, 2009							148,215,697.55

As at October 31, 2009 and 2008, in the consolidated financial statements, the Company and its subsidiary companies pledged land together with the construction and machinery at the book value of Baht 929.75 million and Baht 1,000.64 million respectively, and in the separate financial statements at amount of Baht 97.60 million and Baht 98.11 million respectively, as collaterals against short-term and long-term credit facilities with commercial banks as mentioned in the notes to the financial statements nos. 22 and 29.

Interest expenses arisen from long-term loans obtained for construction of factory and machine installation for the years ended October 31, 2009 and 2008, in the consolidated financial statements of Baht 53.67 million and Baht 3.43 million respectively, are included as the cost of asset.

As at October 31, 2009 and 2008, in the consolidated financial statements, assets, buildings and work under construction of four and five subsidiary companies at book value of Baht 217.94 million and Baht 165.93 million respectively, have been in process of construction and installation on land leased from other subsidiary companies.

As at October 31, 2009 and 2008 in the consolidated financial statements, buildings and machinery of a subsidiary company at the book value of Baht 723.73 million and Baht 765.08 million respectively, were made on land leased from the Company. When the lease term expires, the ownership of the buildings at the book value of Baht 72.61 million and Baht 72.59 million respectively would belong to the lessor as mentioned in the notes to the financial statements no. 5.2.

As at October 31, 2009 and 2008, in the consolidated financial statements, buildings and construction, building-in-construction and machinery-in-installation of three foreign subsidiary companies at the book value of Baht 2,405.13 million and Baht 1,786.26 million respectively are located on the concession land. When the contractual term expires, the ownership of the buildings and building-in-construction with the book value of Baht 744.71 million and Baht 629.52 million respectively would belong to the lessor as mentioned in the notes to financial statements nos. 38.1 and 38.2.

As at October 31, 2009 and 2008, in the consolidated financial statements, cost of assets amount of Baht 555.43 million and Baht 424.98 million respectively, and in the separate financial statements, of Baht 239.14 million and Baht 220.58 million respectively, were fully depreciated but still in use.

On November 14, 2008, five 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 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. The condominium units used the Cost Approach which implied the valuation by calculating the replacement cost of the assets less the depreciation value and working condition including the goodwill or the market demand for the said assets. After the net replacement cost is obtained, it is then included to the land value (the value of the land valued by using Market Value Approach).
3. 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 financial statements for the year ended October 31, 2009, has the surplus from asset revaluation increased by Baht 196.70 million. Furthermore, it also resulted in the allowance for the impairment of asset increased by Baht 3.11 million from the increase and/or decrease of the market price of the asset in the current situation. In the year 2009, the subsidiary companies have changed the approximate useful life of assets as follows :-

	<u>New Rate</u>	<u>Previous Rate</u>
- Building and construction	5-47 years	5-33 years
- Machine and Equipment	3-15 years	5 years

This was to better suite the situation by referring to the above appraisal report of the independent professional appraiser. The subsidiary companies recognized the effect of the change immediately in the consolidated income statements for the year ended October 31, 2009 and the next years.

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 would be recorded to related asset account along side with revaluation surplus on assets as at October 31, 2009 and 2008, in the consolidated financial statements, there appeared depreciation and written off of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 358.89 million and Baht 324.31 million respectively, and in the separate financial statements, there appeared depreciation and written off of capital surplus being charged to revaluation surplus on assets account under the shareholders' equity for the amounts of Baht 104.38 million and Baht 106.90 million respectively.

If the Company and its subsidiary companies choose to account for depreciation for capital surplus through the income statements, the net profit for the years ended October 31, 2009 and 2008, in the consolidated financial statements will be shown at decrease amount of Baht 358.89 million and Baht 324.31 million respectively, and earning per share decreased by Baht 0.23 per share and Baht 0.21 per share respectively, and in the separate financial statements will be shown at decrease amount of Baht 104.38 million and Baht 106.90 million respectively, and earnings per share decreased by Baht 0.07 per share the same rate for both years.

21. Assets not used in Operation-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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land not used in Operation	310,083,349.04	278,419,118.86	98,281,732.26	98,281,732.26
Assets not used in Operation	19,932,244.36	-	-	-
<b>Total</b>	<b>330,015,593.40</b>	<b>278,419,118.86</b>	<b>98,281,732.26</b>	<b>98,281,732.26</b>
<u>Less</u> Accumulated Allowance for Impairment	(1,506,900.00)	(1,506,900.00)	-	-
<b>Net</b>	<b>328,508,693.40</b>	<b>276,912,218.86</b>	<b>98,281,732.26</b>	<b>98,281,732.26</b>

As at October 31, 2009 and 2008, in the consolidated and the separate financial statements, the Company owned land not used in operation at book value of Baht 38.00 million, the same amount for both years, which was pledged as securities for credit facilities obtained from commercial banks, both for short and long-term credits, as mentioned in the notes to financial statements nos. 22 and 29.

As at October 31, 2009 and 2008, in the consolidated financial statements, land not used in operation belonging to three subsidiary companies at book value of Baht 181.44 million and Baht 165.88 million respectively, were held for business expansion in the future.

As at October 31, 2009, a subsidiary company has the entire amount of assets not used in operation in machinery parts and supplies which the subsidiary company bid from a company and, after the allocation for use and sales, a portion still remain; which in the consideration process to use the remaining parts for the machinery parts and supplies for the business expansion in the future.

22. 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bank Overdrafts	247,085.85	360,483.92	-	360,483.92
Loans due to Financial Institutions	707,717,508.00	244,873,500.00	-	70,000,000.00
Trust Receipt	435,861,753.96	567,509,411.36	-	-
Packing Credit	130,355,542.21	78,602,190.27	-	-
<b>Total</b>	<b>1,274,181,890.02</b>	<b>891,345,585.55</b>	<b>-</b>	<b>70,360,483.92</b>

As at October 31, 2009 and 2008, in the consolidated financial statements, bank overdrafts carried interest rates at MOR per annum, the same rate for both years.

As at October 31, 2009 and 2008, in the consolidated financial statements, loans due to financial institutions at Baht 392.52 million and Baht 174.87 million respectively, were covered by loan agreement of a foreign subsidiary company with a commercial bank in Thailand in US Dollar currency carrying floating interest rates at LIBOR+2.00% per annum, the same rate for both years. The remaining amounts, in the consolidated and the separate financial statements, were whole loans due to financial institutions in the form of promissory notes with the maturity period ranging from 3-6 months, carrying interest rates at 1.88-3.50% per annum and 3.30-4.35% per annum respectively.

As at October 31, 2009 and 2008, in the consolidated financial statements trust receipts payable carried interest rates at 2.25-2.50% per annum and 4.05-4.92% per annum respectively.

Bank overdrafts, loans due to financial institutions and trust receipts payable are secured by land together with constructions, parts of machinery and leasehold right of factory land location. There are inter-guarantees offered by the Company and its subsidiary companies and the subsidiary companies' directors also participated in guarantee against these credit facilities. Short-term loan of a foreign subsidiary company utilized the joint collaterals with the eight to tenth credit lines long-term loan as mentioned in the note to the financial statements no. 29. In addition, when some of the credit lines have been drawn, the Company and subsidiary companies must additionally pledge parts of their inventories as collaterals.

Packing credit payable is a loan agreement of a subsidiary company with three commercial banks for the benefit of the related company. As at October 31, 2009 and 2008, a related company issued a promissory note to pay the amount equivalent to that of the packing credit loan as a collateral as mentioned in the notes to financial statements no. 5.1. The remaining loan has the following details :-

- The remaining principal balance in the consolidated financial statements as at October 31, 2009 and 2008, at amounts of Baht 48.52 million and Baht 59.91 million respectively, is principal from debt restructuring of the related company which is required to be repaid within the year 2015. Those who provided credit facilities reserved the right to alter the repayment period of the principal annually, carried the interest rates at 6.50% per annum and 7.25% per annum respectively. 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 individuals took part in pledging guarantees and in the second quarter of 2009 in respect of the subsidiary company, the Company had replaced as a guarantor instead of the said related individuals.



- The remaining principal balances in the consolidated financial statements as at October 31, 2009 and 2008, at amounts of Baht 81.84 million and Baht 18.69 million respectively, carried the interest rate at 5.25-5.75% per annum and 6.125-6.50% per annum respectively, for the period of 2-3 months and 6 months respectively, and guaranteed by the related company's goods.

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

Consisted of :-

	(Unit : Baht)	
	<u>Consolidated Financial Statements/</u>	
	<u>Separate Financial Statements</u>	
	<u>As at October</u>	
	<u>2009</u>	<u>2008</u>
Par Value	100,000,000.00	1,600,000,000.00
<u>Less</u> Prepaid Interest	(322,841.02)	(3,660,895.25)
Net	<u>99,677,158.98</u>	<u>1,596,339,104.75</u>

As at October 31, 2009 and 2008, the Company issued unsecured short-term bills of exchange due in 1-9 months with the discount rates at approximately 2.50% per annum and 3.88-4.14% per annum respectively.

### 24. Trade Accounts and Notes Payable-Cane Purchase

As at October 31, 2009, the Company and three subsidiary companies purchased canes for production season 2008/2009 using the announced initial cane price for production season 2008/2009 in accordance with the minute of the Cane and Sugar Board's meeting No.15/2551 dated November 13, 2008. The price is Baht 830.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 49.80 per cane ton. Until the date the Company's board of directors approved the issuance of these financial statements, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2008/2009, therefore the Company and subsidiary companies booked trade account payable to cane and calculate cost of goods sold and inventories for the years ended on October 31, 2009 of a final cane price for the production 2008/2009, in accordance with the regulation of the Cane and Sugar Board's meeting No. 10 /2552 held on December 1, 2009 at Baht 994.41-1,092.26 per cane ton with average sweetness level at 11.47-12.56 c.c.s.

As at October 31, 2008, the Company and three subsidiary companies purchased canes for production season 2007/2008 using the announced initial cane price for production season 2007/2008 as published in the Royal Gazette dated March 5, 2008. The price is Baht 600.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 36.00 per cane ton. Until the date the Company's audit committee approved the issuance of these financial statements for the years ended October 31, 2008 the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2007/2008, therefore the Company and subsidiary companies booked trade account payable to cane and calculate cost of goods sold and inventories for the year ended on October 31, 2008 from estimation made by the management of the Company and subsidiary companies at cane price of Baht 759.16-786.96 per cane ton with average sweetness level at 10.97-12.43 c.c.s. In the third quarter of year 2009, the Office of Cane and Sugar Board has announced the final cane price for the production season 2007/2008 as published in the Royal Gazette dated August 21, 2009, but the announced final cane price is lower than the estimate price. The Company and subsidiary companies thus adjusted the final price of cane for the production season 2007/2008 to Baht 756.95-784.54 per cane ton with the average sweetness level at 10.97-12.43 c.c.s.

25. Short-Term Loans due to Outside Person

As at October 31, 2009, in the consolidated financial statements, the whole amount of short-term loan of two subsidiary companies is loan due to outside person in the form of at-call on demand promissory note without collateral, bearing the interest rate at 3.50-4.00% per annum.

26. Accrued Fee payable to Cane and Sugar Fund

As at October 31, 2009 and 2008, in the consolidated financial statements, the majority of Baht 60.08 million and Baht 46.40 million respectively, and the separate financial statements of Baht 26.13 million and Baht 22.06 million respectively, represent the amounts to be sent to the Cane and Sugar Fund as per announcement of the office of the Cane and Sugar Board on determining the selling price of sugar for consumption in the Kingdom dated July 15, 2008, and ordering a levy of increased income from the selling price increased for white sugar and refined sugar within the Kingdom from April 30, 2008, onwards which must be distributed to the Fund at Baht 5 per kilogram. The Company and subsidiary companies have recognized such fees as selling and administrative expenses for the years ended October 31, 2009 and 2008, in the consolidated financial statements at amounts of Baht 646.14 million and Baht 339.55 million respectively, and in the separate financial statements at amounts of Baht 329.57 million and Baht 162.99 million respectively.

## 27. Accrued Stabilization Function Payment

As at October 31, 2009 and 2008, 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 based on the production of cane and sugar.

## 28. Debentures-Net

As at October 31, 2009 and 2008, the Company issued four sets of Thai Baht currency debentures which are holder specified, non-subordinated and unsecured bonds at par value of Baht 1,000 per unit, as approved by the minutes of the Company's board of directors meeting No.3/2552 held on June 26, 2009 for one set by the minutes of the Company's board of executive directors' meetings No.11/2551 held on November 28, 2008 for one set and No.1/2550 held on February 27, 2007 for two sets with the following details :-

(Unit : Baht)

<u>Consolidated Financial Statements/Separate Financial Statements</u>										
<u>As at October 31, 2009</u>										
<u>Bond</u>	<u>Symbol</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Issue Number</u>	<u>Total</u>	<u>Amortized Bond</u>	<u>Net</u>	<u>Fair Value</u>	
<u>Set No.</u>				<u>Per Annum</u>	<u>of Units</u>	<u>Value</u>	<u>Issuance Expense</u>			
1	KSL10NA	3 years	November 20, 2010	4.94	1,000,000.00	1,000,000,000.00	1,180,438.38	998,819,561.62	1,007,098,700.00	
2	KSL12NA	5 years	November 20, 2012	5.44	500,000.00	500,000,000.00	1,028,252.08	498,971,747.92	503,415,460.00	
3	KSL11NA	3 years	November 18, 2011	5.40	780,000.00	780,000,000.00	1,464,408.47	778,535,591.53	792,063,784.20	
4	KSL127A	3 years	November 20, 2012	4.50	1,000,000.00	1,000,000,000.00	1,473,534.26	998,526,465.74	997,196,670.00	
Total						3,280,000.00	3,280,000,000.00	5,146,633.19	3,274,853,366.81	3,299,774,614.20

(Unit : Baht)

<u>Consolidated Financial Statements/Separate Financial Statements</u>										
<u>As at October 31, 2008</u>										
<u>Bond</u>	<u>Symbol</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Issue Number</u>	<u>Total</u>	<u>Amortized Bond</u>	<u>Net</u>	<u>Fair Value</u>	
<u>Set No.</u>				<u>Per Annum</u>	<u>of Units</u>	<u>Value</u>	<u>Issuance Expense</u>			
1	KSL10NA	3 years	November 20, 2010	4.94	1,000,000.00	1,000,000,000.00	2,293,771.70	997,706,228.30	1,013,593,160.00	
2	KSL12NA	5 years	November 20, 2012	5.44	500,000.00	500,000,000.00	1,364,252.08	498,635,747.92	517,936,245.00	
Total						1,500,000.00	1,500,000,000.00	3,658,023.78	1,496,341,976.22	1,531,529,405.00

### Other significant compliance to the covenants of the debenture issuances.

- The Company shall maintain the debt to shareholders' equity ratio in the consolidated financial statements at not more than 2.5 to 3 : 1 at any time for the entire debentures terms and the debt to shareholder's equity ratio as at October 31 of every year shall be maintained at not more than 1.5 to 3 : 1 for the entire debentures terms.

- In case the credit rating of the debentures lower than the current Company's rating at that time, the Company shall pledge assets as collateral for the shareholders or proceed to correct the credit rating of the bond to be at the same level or better than the credit rating of the Company.

## 29. Long-Term Loans

Consisted of :-

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Loans due to Commercial Banks	2,835,246,298.00	1,131,747,000.00	500,000,000.00	-
<u>Less</u> Current Portion of Long-Term Loans	(228,000,000.00)	(102,250,000.00)	(168,000,000.00)	-
Net	2,607,246,298.00	1,029,497,000.00	332,000,000.00	-

(Unit : Baht)

Movements of long-term loans for the years ended October 31, 2009 and 2008, are as follows :-

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the Years Ended October 31,</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Beginning Book Value Balance	1,131,747,000.00	1,319,053,731.60	-	116,000,000.00
Increased during the Year	2,083,904,298.00	716,747,000.00	500,000,000.00	-
Repayment in the Year	(365,000,000.00)	(904,053,731.60)	-	(116,000,000.00)
Difference from Translation Adjustment	(15,405,000.00)	-	-	-
Ending Book Value Balance	2,835,246,298.00	1,131,747,000.00	500,000,000.00	-

(Unit : Baht)

In the consolidated and separate financial statements as at October 31, 2009 and 2008, the Company and its subsidiary companies obtained loans from commercial banks, which the first to seventh and eleventh credit lines carried the same interest rates at FIX 12 M+2.25% to MLR-2.00% per annum for both years. The eight to tenth credit lines carried the interest rate at LIBOR+2% per annum. The credit facilities obtained have the important covenants as follows :-

(Unit : Million Baht)

<u>Limit Line</u>	<u>Consolidated</u>		<u>Separate Financial</u>	<u>Term of Payment</u>
	<u>Financial Statement</u>		<u>Statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	
1	-	100.00	-	- Repayment of principal at every six-months period for the total of 10 installment, first installment is on July 2007. 1 <sup>st</sup> -9 <sup>th</sup> installment at Baht 20.00 million, 10 <sup>th</sup> installment the remaining balance of principal has to be repaid, the whole amount was fully repaid and has no prepayment fee. - Due payment of interest at the end of every month.
2	-	80.00	-	- Repayment of principal at every six-month period for the total of 12 installments at Baht 5.00-30.00 million per installment, commencing from May 2009, the whole amount was fully repaid and has no prepayment fee. - Due payment of interest at the end of every three months.
3	160.00	200.00	-	- Repayment of principal at every six-month period for the total of 10 installments at Baht 20.00 million each, commencing the first installment in December 2008. - Due payment of interest at end of every month.
4	40.00	60.00	-	- Repayment of principal at every six-month period for the total 8 installments at Baht 10.00 million each, commencing the first installment in January 2008. - Due payment of interest at the end of every month.
5	-	45.00	-	- Repayment of principal at every three-month period for the total of 20 installments at Baht 2.25 million each, commencing the first installment on September 2009, the whole amount was fully repaid and has no prepayment fee. - Due payment of interest at the end of every month.
6	99.96	-	-	- Repayment of principal at every three-month period for the total of 20 installment at Baht 10.00 million and the grace period of two years, the first installment commences in December 2009. - Due payment of interest at the end of every months.
7	725.00	297.00	-	- Repayment of principal at every six-month period for the total of 10 installments at Baht 37.50-92.50 million each, commencing the first installment in April 2009. - Due payment of interest at the end of every three month.
8	167.17	174.87	-	- Repayment of principal at every six-month period for the total of 10 installments at USD 0.50 million and the grace period of two years, the first installment commences in March 2011. - Due payment of interest at the end of every three months.
9	167.17	174.87	-	- Repayment of principal at every six-month period for the total of 10 installment at USD 0.50 million and the grace period of two years, the first installment commences in March 2011. - Due payment of interest at the end of every three months.

(Unit : Million Baht)

<u>Limit Line</u>	<u>Consolidated</u>		<u>Separate Financial</u>	<u>Term of Payment</u>
	<u>Financial Statement</u>		<u>Statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	
10	975.94	-	-	- Repayment of principal at every six-month period for the total of 10 installment at USD 3.00 million per installment and the grace period of two years, the first installment commences in June 2011. - Due payment of interest at the end of every three months.
11	500.00	-	500.00	- Repayment of principal at every six-month period for the total of 6 installment, start first period payment January 2010. 1 <sup>st</sup> -5 <sup>th</sup> installment at Baht 84.00 million each, 6 <sup>th</sup> installment repayment of Baht 80.00 million - Due payment of interest at the end of every month.
	<u>2,835.24</u>	<u>1,131.74</u>	<u>500.00</u>	

The above long-term loans were secured by the mortgage of land together with constructions, machines and equipments, leasing rights on land for factory building of subsidiary companies as specified in notes to financial statements No. 20 and land not used in operation in notes to financial statements No. 21. The Company and a subsidiary company, shareholder and related person in the subsidiary company pledged their own guarantees and share certificates of a related company held by shareholders of the subsidiary company.

In addition, the Company and subsidiary companies have to abide to some financial conditions e.g. maintenance of debt-to-equity ratio, proportion holding of shares in subsidiary companies, Debt Service Coverage Ratio (DSCR), restriction on additional long-term debt creation and restriction on dividend payment.

### 30. Share Capital

Consisted of :-

	<b>Registered Share (Number of Shares)</b>	<b>Par Value (Baht)</b>	<b>Registered Share Capital (Baht)</b>	<b>Issued and Paid Up Share Capital (Baht)</b>
As at November 1, 2007	1,600,000,000	1.00	1,600,000,000.00	1,550,000,000.00
Registered Share Capital Decreased During the Period	(50,000,000)	1.00	(50,000,000.00)	-
Registered Share Capital Increased During the Period	155,000,000	1.00	155,000,000.00	-
As at October 31, 2008	1,705,000,000	1.00	1,705,000,000.00	1,550,000,000.00
Registered Share Capital Decreased During the Period	(155,000,000)	1.00	(155,000,000.00)	-
As at October 31, 2009	1,550,000,000	1.00	1,550,000,000.00	1,550,000,000.00

In accordance with the minutes of the Company's board of directors' meeting No. 2/2551 held on March 28, 2008, and in accordance with the Company as resolved by the extra-ordinary meeting of shareholder No. 1/2551 held on April 29, 2008, it approved for the Company to decrease the authorized share capital from formerly Baht 1,600.00 million to Baht 1,550.00 million which the Company has already registered the change with the Ministry of Commerce on May 12, 2008, and approved the issuance of the 1<sup>st</sup> trrenched warrants to purchase the ordinary shares of the Company and approved the Company to increase the authorized share capital from formerly Baht 1,550.00 million to Baht 1,705.00 million by issuance of 155.00 million new ordinary shares at the par value of Baht 1.00 per share each in order to support the exercise of the warrants. The Company already registered the increase of share capital with the Ministry of Commerce on May 13, 2008.

Later in accordance with the minutes of the annual general shareholders' meeting No.1/2552 held on February 27, 2009, and of the Company's board of directors' meeting No. 1/2552 held on January 23, 2009, the following resolutions were made :-

- Approved the cancellation of the first issue of warrants with rights to purchase ordinary shares of the Company as resolved by the extra-ordinary meeting of shareholders No.1/2551 held on April 29, 2008.
- Approved the decrease of the registered share capital from formerly Baht 1,705.00 million to Baht 1,550.00 million by canceling 155.00 million unissued shares of the registered share capital at par value of Baht 1.00 each and amending the Company's memorandum of association to correspond with the decrease of the registered share capital. The Company has already registered the resolved decrease share capital with the Ministry of Commerce on March 10, 2009.

### 31. Capital Management

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern, to maintain an appropriate capital structure and to maintain the debt to equity ratio not exceeding the covenants of the loan agreements.

As at October 31, 2009, in the consolidated financial statements, debt to equity ratio is 0.89 : 1.00 and the separate financial statements, debt to equity ratio is 0.95 : 1.00.

### 32. 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 years ended on October 31, 2009 is as follows: -

	<u>Revaluation Surplus on</u> <u>Assets-Subsidiary Companies</u>	<u>Discount from Internal Restructure</u> <u>of Entities under Common Control</u>	(Unit : Baht) <u>Net</u>
Beginning balance	2,106,920,280.56	(264,043,132.39)	1,842,877,148.17
Decrease in the year	(197,259,169.84)	-	(197,259,169.84)
Ending balance	<u>1,909,661,110.72</u>	<u>(264,043,132.39)</u>	<u>1,645,617,978.33</u>

### 33. Dividend Paid and Legal Reserve

Consisted of :-

Dividend / Legal Reserve	Approved by	Dividend Paid		Payment Date	Appropriated
		(Unit : Million Baht)	(Unit : Baht per Share)		Legal Reserve (Unit : Million Baht)
- Announcement of dividend payment and authorization of appropriation of legal reserve from operating result for the year 2008	Annual general meeting of shareholders No.1/2552 held on February 27, 2009.	341.00	0.22	March 27, 2009	18.50
- Announcement of dividend payment and authorization of appropriation of legal reserve from operating result for the year 2007	Annual general meeting of shareholders No.1/2551 held on February 28, 2008.	341.00	0.22	March 27, 2008	23.00

In accordance with the Public Limited 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 hold not less than 10% of the authorized capital. This legal reserve can not be used for paying dividends. In the year 2009, the Company has already appropriated the legal reserve to reach the full amount.



34. Natures of Expense

The significant natures of expense are as follows :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>For the years Ended October 31,</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salaries, Wages and Other Benefits to Employees	764,109,806.22	726,575,470.12	242,195,841.68	247,830,600.31
Depreciation	390,964,657.33	339,106,198.61	148,215,697.55	127,988,035.21
Fuel Costs	154,463,823.01	191,668,456.86	98,602,208.56	121,980,861.11
Fee Payable to Cane and Sugar Cane	745,655,265.55	446,355,628.12	379,425,631.71	210,686,349.95
Maintenance Expenses	341,613,795.98	333,387,722.66	210,742,677.21	179,995,120.41
Transportation Expenses	315,686,352.50	484,290,379.28	170,087,370.96	231,935,614.22
Raw Material and Supplies Used	6,681,488,968.34	5,923,025,183.99	2,358,694,334.74	2,336,652,272.45
Purchased Finished Goods	385,719,486.56	618,590,000.20	928,290,954.86	1,410,298,521.95
Changes in Finished Goods and Work In Process	80,740,957.29	197,745,447.59	240,911,433.02	17,075,582.63
Directors' Remuneration	13,473,364.00	12,226,503.00	7,484,000.00	7,453,500.00
Interest Expenses	241,917,623.74	213,945,507.18	171,808,041.66	142,445,575.84
Other Financial Cost	3,817,963.03	3,588,051.17	2,593,148.59	1,361,976.22
Other Operating Expenses	636,635,234.75	573,829,615.34	128,744,392.98	235,907,206.50
Total	10,756,287,298.30	10,064,334,164.12	5,087,795,733.52	5,271,611,216.80

Directors' Remuneration are benefit paid to the directors of the Company and a subsidiary in accordance with Section 90 of Public Limited Company Act which not include salaries and related benefits paid to the executive directors of the Company.

### 35. Corporate income tax

For the years 2009 and 2008, corporate income tax is calculated at the rate of 25% of profit before deduction of tax and after adding back allowances and non-tax allowable expenses for tax calculation purpose, of which the majority were losses from impairment of investments (reversal) for the amounts of Baht (2.96) million and Baht 50.15 million respectively and deduction of income exempted from being taxable income, of which the majority were dividends received for the amounts of Baht 138.71 million and Baht 151.74 million respectively. The said corporate income tax rate is in accordance with the Royal Decree no. 387 (B.E. 2544) dated August 28, 2001.

The corporate income tax of its subsidiary company which listed in the stock exchange of Thailand, for the years 2009 and 2008 is calculated at the rate of 25% of the profit before tax for the profit not exceeding Baht 300 million and at the rate of 30% for the part of the profit exceeding Baht 300 million after adding back the provision and non-tax allowable expenses and less the revenue exempted from including in the revenue. The said corporate income tax rate is in accordance with the Royal Decree no. 475 (B.E. 2551) dated August 6, 2008.

The corporate income taxes of other domestic subsidiary companies are calculated at the rate of 30% of the profit which not receiving tax privilege from the investment promotion before tax, adding back the provisions and the non-tax allowable expenses in the tax calculation and less the revenue which are exempted from including in the revenue.

The corporate income taxes of the foreign subsidiary companies are calculated at the rate of 3% of the profit under the law of Republic of Mauritius and the non-tax allowable expenses in the tax calculation which are exempted from including in the revenue.

### 36. Disclosure of Sectoral Business Operations

The Company's business operation relates to manufacture and distribution of sugar and molasses and also to offer leasing of space for office use and only 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 October 31, 2009 and 2008

	(Unit : Million Baht)																			
	Manufacture and Distribution of Sugar and Molasses			Manufacture and Distribution of Alcohol			Manufacture and Sale of Electricity		Real Estate Rental		Wheat Flour		Others		Inter-Transactions		Total			
	2009			2008			2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008		
	Thai	Laos	Cambodia	Thai	Laos	Cambodia														
Net Sales and Services-Domestic	4,265	-	-	4,742	-	-	905	532	542	570	205	178	1,188	1,048	91	67	(1,271)	(1,613)	5,925	5,524
Net Sales and Services-Foreign	5,972	-	-	5,943	-	-	-	318	-	-	-	-	-	-	61	18	(270)	(747)	5,763	5,532
Total	10,237	-	-	10,685	-	-	905	850	542	570	205	178	1,188	1,048	152	85	(1,541)	(2,360)	11,688	11,056
Profit (loss) from Operation	2,638	-	14	2,210	-	30	232	217	213	196	261	205	172	132	85	95	(225)	(127)	3,390	2,958
Selling Expenses																			(330)	(478)
Administrative Expenses																			(741)	(516)
Fee Payable to Cane and Sugar Fund																			(746)	(446)
Directors' Remuneration																			(13)	(12)
Financial Cost																			(246)	(218)
Corporate Income Tax																			(357)	(313)
Net Profit																			957	975
<u>(Less)</u> Net Profit of the subsidiary company under the parent company before share acquisition																			-	(3)
<u>Less</u> Net Profit of Minority Shareholders																			(56)	(112)
Net Profit of Khon Kaen Sugar Industry Public Company Limited																			901	860
As at October 31, 2009 and 2008																				
Inventories-Net	1,108	32	73	1,227	3	30	55	28	-	-	-	-	464	532	42	69	-	-	1,774	1,889
Property, Plant and Equipment-Net	8,052	934	1,291	6,668	556	937	774	312	2,030	770	1,374	1,016	478	508	285	572	(109)	(12)	15,109	11,327
Central Assets	3,611	177	648	2,380	123	852	99	192	117	129	109	129	136	154	600	793	(1,818)	(983)	3,679	3,769
Total Assets	12,771	1,143	2,012	10,275	682	1,819	928	532	2,147	899	1,483	1,145	1,078	1,194	927	1,434	(1,927)	(995)	20,562	16,985

### 37. Obligations and Contingent Liabilities

As at October 31, 2009 and 2008, apart from liabilities reflected in the balance sheets, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

37.1 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 1,378.35 million and Baht 1,995.40 million respectively, and as in the separate financial statements for the amounts of Baht 971.79 million and Baht 1,566.44 million respectively.

37.2 The Company and three subsidiary companies had issued post-dated cheques to farmers to purchase cane. The Company and the subsidiary companies have not recorded the said liabilities because the cheques are not yet due and the cane of the said production season has not been received from farmers as follows :-

	(Unit : Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
For the production season 2008/2009	-	333.75	-	30.63
For the production season 2009/2010	67.41	12.82	67.41	12.82
For the production season 2010/2011	295.95	-	23.37	-

37.3 A subsidiary company made a electricity 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.

37.4 As at October 31, 2009 and 2008, in the consolidated and separate financial statements have obligations and contingent liabilities as follows :-

(Unit : Million)

Consolidated Financial StatementsAs at October 31,

	<u>Currency</u>	<u>2009</u>			<u>2008</u>		
		<u>Total Credit Line</u>	<u>Utilized</u>	<u>Remaining</u>	<u>Total Credit Line</u>	<u>Utilized</u>	<u>Remaining</u>
Letter of Guarantees (Unspecified credit Limit)	Baht	-	79.26	-	-	65.25	-
Note Acceptance	Baht	30.00	-	30.00	30.00	-	30.00
Letter of Credit	Baht	3,294.00	1,059.18	2,234.82	1,424.50	652.96	771.54
Letter of Credit	USD	11.00	-	11.00	24.20	-	24.20
Bank Overdraft and Short-Term Loans	Baht	8,456.00	397.04	8,058.96	13,926.91	148.96	13,777.95
Short-Term Loans	USD	23.00	11.74	11.26	23.00	5.00	18.00
Forward Contracts	Baht	3,543.00	517.53	3,025.47	1,193.00	-	1,193.00
Forward Contracts	USD	140.00	0.50	139.50	145.20	13.22	131.98
Forward Contracts	YEN	752.00	300.00	452.00	-	-	-
Long-Term Loans	Baht	3,800.00	155.00	3,645.00	1,000.00	447.00	553.00
Long-Term Loans	USD	30.00	29.19	0.81	30.00	-	30.00
Joint credit line in the Letter of Credit and							
Long-Term Loans	Baht	260.00	166.74	93.26	60.00	45.00	15.00
Contract to Guarantee of Debt Repayment of Subsidiary							
Company for all Liabilities to be occurred	Baht	-	13,018.68	-	-	5,527.05	-
Contract to Guarantee of Debt Repayment of Subsidiary							
Company for all Liabilities to be occurred	USD	-	121.20	-	-	93.20	-

(Unit : Million)

Separate Financial StatementsAs at October 31,

	<u>Currency</u>	<u>2009</u>			<u>2008</u>		
		<u>Total Credit Line</u>	<u>Utilized</u>	<u>Remaining</u>	<u>Total Credit Line</u>	<u>Utilized</u>	<u>Remaining</u>
Letter of Guarantees (Unspecified credit Limit)	Baht	-	1.33	-	-	1.73	-
Letter of Credit	Baht	30.00	-	30.00	30.00	-	30.00
Letter of Credit	USD	1.00	-	1.00	1.00	-	1.00
Bank Overdraft and Short-Term Loans	Baht	3,058.00	-	3,058.00	4,908.00	70.36	4,837.64
Short-Term Loans	USD	3.00	-	3.00	3.00	-	3.00
Forward Contracts	Baht	333.00	-	333.00	333.00	-	333.00
Forward Contracts	USD	10.00	-	10.00	10.00	6.01	3.99
Contract to Guarantee of Debt Repayment of Subsidiary							
Company for all Liabilities to be occurred	Baht	-	13,018.68	-	-	5,527.05	-
Contract to Guarantee of Debt Repayment of Subsidiary							
Company for all Liabilities to be occurred	USD	-	121.20	-	-	93.20	-
Contract to Guarantee of Debt Repayment of Subsidiary							
Company for all Liabilities to be occurred	YEN	-	752.00	-	-	-	-

Part of the above credit facilities are secured by land together with construction, part of machinery, the subsidiary company's leasehold for the land, where the factory is located, and share certificates of a related company held by shareholders of the subsidiary company. The inter-guarantee was also offered between the Company and subsidiary companies, in addition to the related company's directors, shareholders and related persons with the shareholders of the subsidiary companies jointly offered their guarantees and benefits arisen from insurance policy for construction and machines were transfer to the lenders, and for some of the credit facilities, if the drawdown is made, the Company and its subsidiary companies have to additionally pledge parts of their inventories as collaterals.

Furthermore, in relation to obligations for long-term loans, the Company and its subsidiary companies must comply with certain financial conditions such as maintaining the debt to equity ratio, maintaining the shareholding ratio in subsidiary company, maintaining the leverage ratios, limitation in creating additional long-term debt and limitation in dividend payment.

37.5 In the consolidated financial statements as at October 31, 2009 and 2008, the Company and subsidiary companies have remaining obligations under the various contracts as follows :-

(Unit : Million)

<u>Consolidated Financial Statements</u>					
<u>As at October 31,</u>					
		<u>2009</u>		<u>2008</u>	
	<u>Currency</u>	<u>Contractual</u>	<u>Outstanding</u>	<u>Contractual</u>	<u>Outstanding</u>
		<u>Amount</u>	<u>Contractual Obligation</u>	<u>Amount</u>	<u>Contractual Obligation</u>
Construction and Subcontract Agreements	Baht	1,226.28	315.94	637.65	97.88
	USD	51.05	3.76	6.61	2.80
	KHR	-	-	475.25	283.29
Machine and Equipment Purchase Agreements	Baht	500.05	235.80	250.65	157.58
	USD	41.51	13.60	27.66	17.58
	YEN	3,202.00	2,462.00	3,191.67	3,191.25
Machine Disposal Agreement	Baht	-	-	48.68	2.89
Machine Transportation Agreements	Baht	-	-	29.40	25.57
Land Development Agreements	USD	11.25	4.87	11.25	6.58

(Unit : Million)

<u>Separate Financial Statements</u>			
<u>As at October 31, 2009</u>			
	<u>Currency</u>	<u>Contractual Amount</u>	<u>Outstanding Contractual Obligation</u>
Machine and Equipment Purchase Agreements	Baht	29.50	1.48

Furthermore, as at October 31, 2008, four subsidiary companies entered into four inter-purchase/sale agreements of which the remaining obligation under the agreements is Baht 1,505.72 million.

37.6 As at October 31, 2009, two subsidiary companies entered into agreements to provide service of improvement and repair machinery and equipment which the payment depends on the percentage of work completed. The contractual agreements is Baht 40.00 million and the remaining obligations under the agreements is Baht 2.00 million.

### 38. Other Significant Informations

38.1 On February 16, 2006, Savannakhet 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 be extended for another 20 years if approved by the counter party. As at October 31, 2009 and 2008, the subsidiary company has already utilized the area of 3,247.13 hectares for the same amount of both years, at the rental rate of USD 6 per hectare per year.

38.2 In accordance with minutes of the Company's meeting of the executive board no. 8/2549 held on July 28, 2006, it resolved that the Company invest in ordinary shares of Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. at the rate of 50% in each company for the total USD 5.00 million. This investment was a joint investment with foreigners and the said two companies 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 rental rate of USD 1 - 4 per hectare per annum. As at October 31, 2009 and 2008, The subsidiary company has already utilized the area of 11,173.28 hectares and 8,852.48 hectares respectively.

38.3 In accordance with the minutes of the annual general shareholders' meeting No. 1/2551 held on February 28, 2008, it is resolved to the issuance and proposal for sale of debt instruments (including but not limit to debentures, short-term debenture, bills and short-term bills) in various forms at one time for full amount and/or several times and /or as a project depending on discretion and necessity for use of fund of the Company. The total limit amount for this issuance is not more than Baht 10,000.00 million with the following conditions:

- Category of debts instruments: with or without securities, subordinated or non-subordinated, convertible or non-convertible, specified names of debt-holders with or without representatives (in case of debenture).
- Currency : Thai Baht currency or equivalent foreign currency using exchange rate at each time of issuance.

- Proposed sale value: Principal amount of issued debt instruments must not be more than Baht 10,000 million at any time. The calculation of the maximum principal of the debt instrument which the Company can issue and place for sale at any time shall include the principal of the Company's debt instrument which has not been redeemed but shall not include the principal of the Company's debt instrument which has already been redeemed.
- The maturity period : Should not be more than 20 years.
- Sales method : Placement to the general investors, major investors or corporate investors in Thailand and/or overseas according to the announcement of the Securities and Exchange Commission and/or the announcement of the Office of the Securities and Exchange Commission and/or other related regulations which are in effect at the time of the debt instrument's issuance and offer for sales.

As of October 31, 2009 and 2008, the Company has partially issued the debt instruments as mentioned in the notes to financial statements Nos. 23 and 28.

- 38.4 The Company and its subsidiary companies jointly filed charge along with other companies in the sugar industry group against the Cane and Sugar Board as 1<sup>st</sup> defendant as the Office of the Cane and Sugar Board as 2<sup>nd</sup> defendant because of disagreement with final cane price fixing and compensation for final sugar distribution in the production season 2001/2002. As at July 31, 2008 the Supreme Administrative Court adjudicated in favour of the industry group and ordered the withdrawal of the announcement of the Office of Cane and Sugar Board dated November 19, 2003 on fixing final cane and production compensation for the season 2001/2002 with the effective date on December 3, 2003 which is the announcement date in the Royal Gazette, resulting in the Office of Cane and Sugar Board must pay compensation for final cane price and final sugar production and distribution compensation for the season 2001/2002 under the Court's verdict in amounts of Baht 37.91 million in the consolidated financial statements and Baht 31.95 million in the separate financial statements. Subsequently, the Company and subsidiary companies have been informed by the Office of Cane and Sugar Board (the Office) (the defendants) that the said amount is not an actual liability that the Office of Cane and Sugar Board has to pay to the sugar factory and the Office has to fix and announce the final cane price and compensation for final sugar production and distribution in the season 2001/ 2002 in the Royal Gazette to replace of the one which has been withdrawn. At present, this process is being proceeded by the Office. The Company and subsidiary companies, therefore have not recognized the above transaction in the financial statements because the actual liability depends on the fixing of the said compensation.



### 39. Financial Instruments

#### Policy to Manage Financial Risks

The Company and its subsidiary companies possess risks regarding to the change of market interest rate, currency exchange rate and from non-performance 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

The Company and its subsidiary companies have risk on interest rates is derived from the change of the market interest rate in the future, which will affect upon the Company's and its subsidiary companies' operating results and cash flows, however, companies within the group manage risk on interest rate by using various methods including the loan allocation to gain appropriate balance between fixed interest rate loans and floating interest rate loans and compatible to different activities of the group companies. The following majority of details as follow :-

(Unit : Baht)

	<u>Consolidated Financial Statements</u>				
	<u>As at October 31, 2009</u>				
	<u>Fixed interest rate</u>			<u>Floating interest rate</u>	
	<u>Within 1 year</u>	<u>More than 1 year to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>	
<b><u>Financial assets</u></b>					
Bank Deposits	-	-	-	181,826,315.76	181,826,315.76
Fixed Deposits	5,729,002.52	-	-	-	5,729,002.52
Short-Term Investments	-	-	-	166,128,134.26	166,128,134.26
Loans for Cane Plantation Development	23,878,328.59	68,927,309.97	-	-	92,805,638.56
Short-Term Loans due from Related Companies	-	-	-	130,355,542.21	130,355,542.21
Long-Term Loans due from Related Individual	-	160,484,160.00	-	-	160,484,160.00
Short-Term Loans due from Farmers	262,605,500.00	-	-	-	262,605,500.00
Other Long-Term Investments	6,529,867.27	13,089,785.71	-	-	19,619,652.98
Total	298,742,698.38	242,501,255.68	-	478,309,992.23	1,019,553,946.29
<b><u>Financial liabilities</u></b>					
Short-Term Loans due to Financial Institutions	-	-	-	1,274,181,890.02	1,274,181,890.02
Other Short-Term Loans	99,677,158.98	-	-	-	99,677,158.98
Short-Term Loans due to Outside Person	68,000,000.00	-	-	-	68,000,000.00
Debentures	-	3,274,853,366.81	-	-	3,274,853,366.81
Long-Term Loans	-	-	-	2,835,246,298.00	2,835,246,298.00
Total	167,677,158.98	3,274,853,366.81	-	4,109,428,188.02	7,551,958,713.81

(Unit : Baht)

Consolidated Financial StatementsAs at October 31, 2008

	Fixed interest rate			Floating interest rate	
	Within	More than	More than	Total	
	1 year	1 year to 5 years	5 years		
<b>Financial assets</b>					
Bank Deposits	-	-	-	356,644,217.61	356,644,217.61
Fixed Deposits	13,796,990.22	-	-	-	13,796,990.22
Loans for Cane Plantation Development	28,600,030.14	80,002,055.77	-	-	108,602,085.91
Short-Term Loans due from Related Companies	-	-	-	78,602,190.27	78,602,190.27
Short-Term Loans due from Farmers	268,889,306.14	-	-	-	268,889,306.14
Other Long-Term Investments	5,103,345.81	12,330,072.34	-	-	17,433,418.15
<b>Total</b>	<b>316,389,672.31</b>	<b>92,332,128.11</b>	<b>-</b>	<b>435,246,407.88</b>	<b>843,968,208.30</b>
<b>Financial liabilities</b>					
Short-Term Loans due to Financial Institutions	70,000,000.00	-	-	821,345,585.55	891,345,585.55
Other Short-Term Loans	1,596,339,104.75	-	-	-	1,596,339,104.75
Debentures	-	1,496,341,976.22	-	-	1,496,341,976.22
Long-Term Loans	-	-	-	1,131,747,000.00	1,131,747,000.00
<b>Total</b>	<b>1,666,339,104.75</b>	<b>1,496,341,976.22</b>	<b>-</b>	<b>1,953,092,585.55</b>	<b>5,115,773,666.52</b>

Risk on Exchange Rate

Risks on exchange rates for the Company and its subsidiary companies mainly involve with sales of goods and import of machines as transactions are made in foreign currencies. As at October 31, 2009 and 2008, the Company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

(Unit : Million)

Currencies	<u>Consolidated Financial Statements</u>				<u>Separate Financial Statements</u>			
	<u>As at October 31,</u>		<u>As at October 31,</u>		<u>As at October 31,</u>		<u>As at October 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	19.35	55.66	21.55	11.86	0.64	1.81	5.03	-
YEN	-	-	1,107.75	203.26	-	-	-	-
RIEL	30.54	73.13	-	-	-	-	-	-

As at October 31, 2009 and 2008, in the consolidated and separate financial statements, the Company and its subsidiary companies conducted forward sale contracts with commercial banks to hedge against exchange rate risk from receipt and debt repayment denominated in foreign currencies. The company and its subsidiary companies have not recorded such financial liability in the financial statements. The due date for payment of the forward contracts already committed has outstanding period of not greater than 6 months with the following details :-

(Unit : Million)

	<u>Currencies</u>	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
		<u>As at October 31,</u>		<u>As at October 31,</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Contracted Amount	USD	15.33	13.22	-	6.01
Resulted Amount Earned under Contract	Baht	535.44	444.50	-	209.48
Fair Value	Baht	535.21	465.18	-	211.47
Contracted Amount	YEN	300.00	-	-	-
Resulted Amount Earned under Contract	Baht	106.83	-	-	-
Fair Value	Baht	107.32	-	-	-

Risk from Fluctuation of Sugar Price

The Company and its subsidiary companies face risk from fluctuation of sugar price which is caused by fluctuation of future sugar price in the market. This kind of risk will affect the operating results and cash flows of the Company and its subsidiary companies. However, the companies in the group manage such risk by utilizing sugar swap contracts. As at October 31, 2009, the remaining selling sugar swap contracts and with commercial banks with maturity less than 6 months are as follows :-

(Unit : Million USD)

	<u>Consolidated Financial Statements</u>	<u>Separate Financial Statements</u>
	<u>As at October 31, 2009</u>	<u>As at October 31, 2009</u>
Contracted Value	56.04	25.22
Fair Value	70.21	31.60

Credit Risk

The Company and its subsidiary companies have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans due from farmers, 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 the majority of the financial assets and liabilities are short-term and loans bearing interest rates closed to market rates, the Company's and its subsidiary companies' managements believe that book value of such financial assets and liabilities are presented in values which not materially different from relevant fair values. The fair value of debenture is shown under the notes to financial statements no. 28.

40. Provident Fund

The Company and twelve subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The group companies and their employees contribute to the fund monthly at the rate of 2.00% of basic salary. The fund, which is managed by Ayudhya Fund Management Co., Ltd., and Siam Commercial Fund Management Co., Ltd. will pay the employees upon their termination in accordance with the fund rules. During the years ended October 31, 2009 and 2008, in the consolidated financial statements, the Company and its subsidiary companies contributed in amounts of Baht 6.43 million and Baht 5.59 million respectively, and in the separate financial statements, the Company contributed in amounts of Baht 2.16 million and Baht 2.10 million respectively.

41. Approval of Financial Statements

These financial statements have been approved for issuance by the Company's board of directors on December 25, 2009.

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