

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 separate balance sheets as at October 31, 2010, the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the year ended October 31, 2010 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. I have not audited the financial statements of the three foreign subsidiary companies which are consolidated in the said consolidated financial statements. As at October 31, 2010, the financial statements of these subsidiary companies disclosed the total assets of Baht 4,315.86 million equivalent to 18.64% of the consolidated total assets and for the year ended October 31, 2010 showed the total revenues of Baht 282.56 million equivalent to 2.34% of the consolidated incomes for the year and total loss of Baht 419.43 million. The financial statements of these subsidiary companies have been audited by other independent certified public accountants whose reports have been received by me and my report presentation in part relating to amounts of various items of these subsidiary companies which are consolidated is based on the reports of those other independent certified public accountants. Furthermore, the consolidated and separate financial statements for the year ended October 31, 2009 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and also of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only have been audited by another auditor in the same firm; who expressed thereon an unqualified opinion as reported thereon dated December 25, 2009.

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 independent certified public accountants mentioned in the first paragraph provide a reasonable basis for my opinion.

In my opinion, basing on my audit and other independent certified public accountants' reports mentioned in the first paragraph, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial positions as at October 31, 2010, the consolidated and separate operating results and cash flows for the year ended October 31, 2010 of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED and its subsidiary companies and of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

While I still hold to the unqualified opinion, I would like to draw your attention to the notes to financial statements no. 4.1 regarding the change in the accounting policy on the inventory calculation method for molasses which the Company and its subsidiary companies have adjusted the effects from the said change in the accounting policy and retrospectively adjusted the consolidated and separate financial statements for the comparison purpose. I have audited the adjustments applied to the revised consolidated and separate financial statements for the year ended October 31, 2009. In my opinion, the said adjustments are reasonable and have been appropriately applied to adjust the consolidated and separate financial statements.

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

(Miss Sansanee Poolsawat)

Certified Public Accountant (Thailand) Registration No. 6977

Bangkok,

December 24, 2010

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As at October 31, 2010 and 2009

(Unit : Baht)

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------|-----------------------------------|--------------------------|-------------------------------|-------------------------|
| | | 2010 | 2009 (Restated) | 2010 | 2009 (Restated) |
| <u>ASSETS</u> | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and Cash Equivalents | | 203,223,776.22 | 267,015,082.31 | 13,513,698.23 | 29,791,532.91 |
| Temporary Investments-Net | 8 | 8,157,256.51 | 168,221,134.26 | 5,708,477.19 | - |
| Trade Accounts Receivable-Net | 6.1 and 9 | 548,766,118.32 | 599,758,200.64 | 144,158,852.16 | 135,971,807.79 |
| Farmer Accounts Receivable-Net | 10 | 12,221,667.68 | 12,347,593.60 | 3,260,940.43 | - |
| Current Portion of Loans for Cane Plantation Development | 17 | 45,646,870.38 | 23,878,328.59 | 7,216,600.00 | 4,950,000.00 |
| Current Portion of Other Accounts Receivable- Compensation for Sugar Production and Distribution | 18 | 50,246,488.89 | 55,960,567.12 | 21,972,578.37 | 25,419,991.34 |
| Short-Term Loans to Related Companies | 6.1 | - | 130,355,542.21 | 1,375,000,000.00 | 1,089,500,000.00 |
| Short-Term Loans to Farmers | 11 | 612,188,795.99 | 337,019,953.88 | 265,641,295.99 | 163,340,953.88 |
| Inventories-Net | 12 | 1,595,760,605.33 | 1,679,268,499.42 | 480,260,293.95 | 516,511,778.11 |
| Real Estate Development Cost | | 57,451,093.53 | 26,959,567.07 | - | - |
| Machine Maintenance Supplies | | 247,083,569.18 | 300,301,118.77 | 88,305,601.29 | 94,944,926.55 |
| Accrued Dividend Receivable from Subsidiary Company | 6.1 | - | - | 108,257,486.00 | 135,321,857.50 |
| Other Current Assets | 13 | 160,901,262.05 | 185,306,817.56 | 73,101,521.31 | 45,230,917.25 |
| TOTAL CURRENT ASSETS | | 3,541,647,504.08 | 3,786,392,405.43 | 2,586,397,344.92 | 2,240,983,765.33 |
| NON-CURRENT ASSETS | | | | | |
| Investments in Subsidiary and Associated Companies-Net | 14 | 55,149,827.48 | 48,799,333.84 | 5,102,223,945.14 | 4,273,319,513.06 |
| Other Long-Term Investments-Net | 15 | 22,063,019.62 | 24,338,717.98 | 9,880,065.83 | 10,778,407.27 |
| Deferred Cane Plantation Cost-Net | 16 | 831,654,407.48 | 689,763,383.11 | 73,369,350.73 | 46,795,253.30 |
| Loans for Cane Plantation Development-Net | 17 | 196,003,380.48 | 68,927,309.97 | 14,434,200.00 | 5,941,600.00 |
| Long-Term Loans to Related Individual | 6.1 | - | 160,484,160.00 | - | - |
| Other Accounts Receivable-Compensation for Sugar Production and Distribution-Net | 18 | 88,853,723.32 | 139,041,591.52 | 60,905,447.84 | 82,748,715.26 |
| Property, Plant and Equipment-Net | 19 | 18,009,792,925.06 | 15,108,882,837.24 | 2,753,048,137.70 | 2,861,770,539.54 |
| Assets not used in Operation-Net | 20 | 361,921,751.22 | 328,508,693.40 | 125,867,151.26 | 98,281,732.26 |
| Other Non-Current Assets | | 45,642,007.00 | 62,419,297.46 | 147,623.06 | 5,856,100.25 |
| TOTAL NON-CURRENT ASSETS | | 19,611,081,041.66 | 16,631,165,324.52 | 8,139,875,921.56 | 7,385,491,860.94 |
| TOTAL ASSETS | | 23,152,728,545.74 | 20,417,557,729.95 | 10,726,273,266.48 | 9,626,475,626.27 |

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, 2010 and 2009

(Unit : Baht)

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
| | | 2010 | 2009 (Restated) | 2010 | 2009 (Restated) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Overdrafts and Short-Term Loans from Financial Institutions | 21 | 1,902,245,952.91 | 1,274,181,890.02 | - | - |
| Bills of Exchange-Net | 22 | - | 99,677,158.98 | - | 99,677,158.98 |
| Trade Accounts Payable | 23 | 403,692,417.12 | 524,050,409.82 | 138,367,837.72 | 181,672,238.98 |
| Current Portion of Debentures | 25 | 999,932,895.01 | - | 999,932,895.01 | - |
| Current Portion of Long-Term Loans | 26 | 552,855,000.00 | 228,000,000.00 | 168,000,000.00 | 168,000,000.00 |
| Short-Term Loans from Related Companies | 6.1 | - | - | 450,000,000.00 | 297,000,000.00 |
| Short-Term Loans from Outside Person | 24 | 5,000,000.00 | 68,000,000.00 | - | - |
| Accrued Income Tax | | 47,062,201.79 | 122,261,401.01 | - | 5,627,840.55 |
| Advance Received for Goods | | 98,621,650.60 | 87,840,052.09 | 87,632,152.06 | 72,728,473.19 |
| Accrued Fee Payable to the Office of The Cane and Sugar Fund | | 35,749,577.46 | 69,045,536.25 | 11,513,728.39 | 30,000,460.84 |
| Accrued Stabilization Function Payment to the Office of The Cane and Sugar Fund | | 50,246,488.89 | 55,960,567.12 | 21,972,578.37 | 25,419,991.34 |
| Other Accrued Expenses | | 132,028,263.31 | 167,835,911.79 | 82,892,949.74 | 89,956,174.97 |
| Account Payable-Assets | | 606,495,009.62 | 722,673,331.38 | 28,494,322.03 | 15,277,402.80 |
| Other Accounts Payable | | 114,382,685.27 | 170,341,431.57 | 41,005,680.47 | 66,893,921.88 |
| Liabilities from Investment in Derivative Instruments | 38 | - | 6,205,768.81 | - | 2,790,715.43 |
| Other Current Liabilities | | 139,667,013.31 | 124,754,801.09 | 20,235,685.05 | 14,596,733.63 |
| TOTAL CURRENT LIABILITIES | | 5,087,979,155.29 | 3,720,828,259.93 | 2,050,047,828.84 | 1,069,641,112.59 |
| NON-CURRENT LIABILITIES | | | | | |
| Debentures-Net | 25 | 3,775,647,034.41 | 3,274,853,366.81 | 3,775,647,034.41 | 3,274,853,366.81 |
| Long-Term Loans-Net | 26 | 4,341,985,000.00 | 2,607,246,298.00 | 164,000,000.00 | 332,000,000.00 |
| Other Non-Current Liabilities | | 12,997,272.00 | 15,087,015.37 | 10,079,484.06 | 9,759,665.76 |
| TOTAL NON-CURRENT LIABILITIES | | 8,130,629,306.41 | 5,897,186,680.18 | 3,949,726,518.47 | 3,616,613,032.57 |
| TOTAL LIABILITIES | | 13,218,608,461.70 | 9,618,014,940.11 | 5,999,774,347.31 | 4,686,254,145.16 |

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, 2010 and 2009

(Unit : Baht)

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | | 2010 | 2009 (Restated) | 2010 | 2009 (Restated) |
| SHAREHOLDERS' EQUITY | | | | | |
| Share Capital | 27 | | | | |
| Authorized Share Capital : | | | | | |
| 1,870,000,000 Ordinary Shares @ Baht 1.00 Par Value Each | | 1,870,000,000.00 | - | 1,870,000,000.00 | - |
| 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 Ordinary Shares | | 1,554,617,243.34 | 1,554,617,243.34 | 1,554,617,243.34 | 1,554,617,243.34 |
| Unrealized Gain (Loss) | | | | | |
| Differences on Revaluation of Assets-Parent Company | | 1,115,913,152.68 | 1,192,500,992.10 | 1,115,913,152.68 | 1,192,500,992.10 |
| Differences on Revaluation of Assets-Subsidiary Companies | | 157,911,268.44 | 166,457,204.70 | - | - |
| Differences on Internal Restructure of Entities under Common Control | | 1,467,432,249.91 | 1,645,617,978.33 | - | - |
| Differences on the Changes in Shareholding Ratio in Subsidiary Companies | | (6,175,140.28) | 42,602,414.19 | - | - |
| Change in Fair Value of Available-for-Sale Securities | | 1,844,390.67 | 2,347,501.41 | 2,270,539.01 | 2,745,885.00 |
| Currency Translation Differences | | (82,038,949.07) | 13,469,376.68 | - | - |
| Retained Earnings | 28 | | | | |
| Appropriated | | | | | |
| Legal Reserve | | 167,420,000.00 | 162,620,000.00 | 167,420,000.00 | 162,620,000.00 |
| Unappropriated | | 2,284,104,512.04 | 2,362,704,703.47 | 336,277,984.14 | 477,737,360.67 |
| TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY | | 8,211,028,727.73 | 8,692,937,414.22 | 4,726,498,919.17 | 4,940,221,481.11 |
| Minority Shareholders' Equity | | 1,723,091,356.31 | 2,106,605,375.62 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | 9,934,120,084.04 | 10,799,542,789.84 | 4,726,498,919.17 | 4,940,221,481.11 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 23,152,728,545.74 | 20,417,557,729.95 | 10,726,273,266.48 | 9,626,475,626.27 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF INCOME

For the Years Ended October 31, 2010 and 2009

(Unit : Baht)

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-------|-----------------------------------|---------------------------|-------------------------------|---------------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | | | (Restated) | | (Restated) |
| REVENUES | | | | | |
| Revenue from Sale | | 11,949,658,783.26 | 11,498,280,427.27 | 5,699,174,409.44 | 5,305,186,504.43 |
| Revenue from Services | | 121,658,575.87 | 172,702,655.58 | - | - |
| TOTAL REVENUES | | 12,071,317,359.13 | 11,670,983,082.85 | 5,699,174,409.44 | 5,305,186,504.43 |
| COST | | | | | |
| Cost of Sales | | (9,120,501,549.25) | (8,707,333,982.91) | (4,705,608,263.90) | (4,148,721,605.92) |
| Cost of Services | | (70,161,108.25) | (75,997,720.97) | - | - |
| TOTAL COST | | (9,190,662,657.50) | (8,783,331,703.88) | (4,705,608,263.90) | (4,148,721,605.92) |
| Gross Profit | | 2,880,654,701.63 | 2,887,651,378.97 | 993,566,145.54 | 1,156,464,898.51 |
| Other Income | | 309,138,315.64 | 348,950,586.57 | 314,121,361.18 | 321,600,360.53 |
| Profit before expenses | | 3,189,793,017.27 | 3,236,601,965.54 | 1,307,687,506.72 | 1,478,065,259.04 |
| Selling Expenses | | (268,983,625.42) | (312,672,104.94) | (111,820,675.44) | (168,698,180.96) |
| Administrative Expenses | | (489,588,594.35) | (481,944,343.32) | (119,454,363.75) | (131,352,373.97) |
| Executives' Remuneration | 30 | (124,750,447.25) | (113,642,162.00) | (28,587,600.00) | (26,875,980.00) |
| Fee Payable to the Office of The Cane and Sugar Fund | | (781,848,623.38) | (745,655,265.55) | (308,331,080.76) | (379,425,631.71) |
| Penalty from Sugar Future Contracts | 31 | (111,963,929.65) | - | (19,236,704.00) | - |
| Loss from Investment in Derivative Instruments | 38 | (881,960,043.04) | (6,205,768.81) | (391,123,258.23) | (2,790,715.43) |
| TOTAL EXPENSES | | (2,659,095,263.09) | (1,660,119,644.62) | (978,553,682.18) | (709,142,882.07) |
| Profit before Financial Cost and Income Tax | | 530,697,754.18 | 1,576,482,320.92 | 329,133,824.54 | 768,922,376.97 |
| Financial Cost | | (342,533,466.19) | (245,735,586.77) | (233,294,062.97) | (174,401,190.25) |
| Share of Profit of Associated Company (Net from Income Tax) | | 6,350,493.64 | 1,364,888.74 | - | - |
| PROFIT BEFORE INCOME TAX | | 194,514,781.63 | 1,332,111,622.89 | 95,839,761.57 | 594,521,186.72 |
| INCOME TAX | 33 | (117,703,692.93) | (357,494,552.83) | - | (104,119,905.53) |
| PROFIT FOR THE YEAR | | 76,811,088.70 | 974,617,070.06 | 95,839,761.57 | 490,401,281.19 |
| PROFIT (LOSS) ATTRIBUTABLE TO: | | | | | |
| SHAREHOLDERS OF THE COMPANY | | 158,698,946.67 | 919,616,612.15 | 95,839,761.57 | 490,401,281.19 |
| MINORITY SHAREHOLDERS | | (81,887,857.97) | 55,000,457.91 | - | - |
| | | 76,811,088.70 | 974,617,070.06 | 95,839,761.57 | 490,401,281.19 |
| EARNINGS PER SHARE | | | | | |
| Basic Earnings per Share | 34 | 0.102 | 0.593 | 0.062 | 0.316 |
| Diluted Earning per Share | | 0.101 | - | 0.061 | - |
| Basic Number of Ordinary Shares (Unit : Share) | | 1,550,000,000 | 1,550,000,000 | 1,550,000,000 | 1,550,000,000 |
| Dilutive Potential Number of Ordinary Shares (Unit : Share) | | 1,565,594,506 | - | 1,565,594,506 | - |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended October 31, 2010 and 2009

Consolidated Financial Statements

(Unit : Baht)

| | Notes | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Unrealized Gain (Loss) | | | Change in Fair Value of Available- for-Sale Securities | Currency Translation Differences | Retained Earnings | | Total Shareholders' Equity of Parent Company | Minority Shareholders' Equity | Total | |
|--|-------|-------------------------------------|-------------------------------|--|---|---|---|--|---|-------------------------------|---|-------------------------------------|------------------|-------------------|
| | | | | Differences on Revaluation of Assets-Parent Company | Differences on Revaluation of Assets- Subsidiary Companies | Differences on Internal Restructure of Entities under Common Control | | | Differences on the Changes in Shareholding Ratio in Subsidiary Companies | Appropriated Legal Reserve | | | | Unappropriated |
| Balance as at November 1, 2008 | | 1,550,000,000.00 | 1,554,617,243.34 | 1,296,880,669.71 | 135,062,713.77 | 1,842,877,148.17 | 37,995,203.05 | 977,617.75 | (1,672,711.32) | 162,620,000.00 | 1,894,158,405.80 | 8,473,516,290.27 | 1,983,605,929.25 | 10,457,122,219.52 |
| Effect from Change in the Accounting Policy - Inventory | 4.1 | - | - | - | - | - | - | - | - | - | (110,070,886.48) | (110,070,886.48) | (2,331,216.18) | (112,402,102.66) |
| Adjusted Balance | | 1,550,000,000.00 | 1,554,617,243.34 | 1,296,880,669.71 | 135,062,713.77 | 1,842,877,148.17 | 37,995,203.05 | 977,617.75 | (1,672,711.32) | 162,620,000.00 | 1,784,087,519.32 | 8,363,445,403.79 | 1,981,274,713.07 | 10,344,720,116.86 |
| Differences on Revaluation of Assets Increase(Decrease)-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 on Differences on Revaluation of 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) |
| Differences on the Changes in Shareholding Ratio in Subsidiary Companies | | - | - | - | - | - | 11,361,763.43 | - | - | - | - | 11,361,763.43 | (11,361,763.43) | - |
| Change in Fair Value of Available-for-Sale Securities | | - | - | - | - | - | - | 1,369,883.66 | - | - | - | 1,369,883.66 | 752,041.40 | 2,121,925.06 |
| Currency Translation Differences | | - | - | - | - | - | - | - | 15,142,088.00 | - | - | 15,142,088.00 | (18,096,355.00) | (2,954,267.00) |
| Total Recognised Income (Expenses) in Shareholders' Equity | | - | - | (104,379,677.61) | 31,394,490.93 | (197,259,169.84) | 4,607,211.14 | 1,369,883.66 | 15,142,088.00 | - | - | (249,125,173.72) | 86,097,007.87 | (163,028,165.85) |
| Profit for the year | | - | - | - | - | - | - | - | - | - | 919,616,612.15 | 919,616,612.15 | 55,000,457.91 | 974,617,070.06 |
| Total Income (Expenses) Recognised for the year | | - | - | (104,379,677.61) | 31,394,490.93 | (197,259,169.84) | 4,607,211.14 | 1,369,883.66 | 15,142,088.00 | - | - | 670,491,438.43 | 141,097,465.78 | 811,588,904.21 |
| Dividends Paid | 28 | - | - | - | - | - | - | - | - | - | (340,999,428.00) | (340,999,428.00) | (15,766,803.23) | (356,766,231.23) |
| Balance as at October 31, 2009 | | 1,550,000,000.00 | 1,554,617,243.34 | 1,192,500,992.10 | 166,457,204.70 | 1,645,617,978.33 | 42,602,414.19 | 2,347,501.41 | 13,469,376.68 | 162,620,000.00 | 2,362,704,703.47 | 8,692,937,414.22 | 2,106,605,375.62 | 10,799,542,789.84 |
| Differences on Revaluation of Assets Decrease-Net | | - | - | (1,635,621.50) | - | (2,111,800.57) | - | - | - | - | - | (3,747,422.07) | (399,003.55) | (4,146,425.62) |
| Depreciation on Differences on Revaluation of Assets | | - | - | (74,952,217.92) | (8,545,936.26) | (176,073,927.85) | (6,227,747.87) | - | - | - | - | (265,799,829.90) | (27,341,312.73) | (293,141,142.63) |
| Differences on the Changes in Shareholding Ratio in Subsidiary Companies | | - | - | - | - | - | (42,549,806.60) | - | - | - | - | (42,549,806.60) | 42,549,806.60 | - |
| Change in Fair Value of Available-for-Sale Securities | | - | - | - | - | - | - | (503,110.74) | - | - | - | (503,110.74) | 276,640.93 | (226,469.81) |
| Currency Translation Differences | | - | - | - | - | - | - | - | (95,508,325.75) | - | - | (95,508,325.75) | (36,511,248.43) | (132,019,574.18) |
| Total Recognised Expenses in Shareholders' Equity | | - | - | (76,587,839.42) | (8,545,936.26) | (178,185,728.42) | (48,777,554.47) | (503,110.74) | (95,508,325.75) | - | - | (408,108,495.06) | (21,425,117.18) | (429,533,612.24) |
| Profit (Loss) for the year | | - | - | - | - | - | - | - | - | - | 158,698,946.67 | 158,698,946.67 | (81,887,857.97) | 76,811,088.70 |
| Total Income (Expenses) Recognised for the year | | - | - | (76,587,839.42) | (8,545,936.26) | (178,185,728.42) | (48,777,554.47) | (503,110.74) | (95,508,325.75) | - | - | 158,698,946.67 | (81,887,857.97) | 76,811,088.70 |
| Decrease in Minority Shareholders' Equity | | - | - | - | - | - | - | - | - | - | - | - | (267,427,430.74) | (267,427,430.74) |
| Dividends Paid | 28 | - | - | - | - | - | - | - | - | - | (232,499,138.10) | (232,499,138.10) | (12,773,613.42) | (245,272,751.52) |
| Legal Reserve | 28 | - | - | - | - | - | - | - | - | 4,800,000.00 | (4,800,000.00) | - | - | - |
| Balance as at October 31, 2010 | | 1,550,000,000.00 | 1,554,617,243.34 | 1,115,913,152.68 | 157,911,268.44 | 1,467,432,249.91 | (6,175,140.28) | 1,844,390.67 | (82,038,949.07) | 167,420,000.00 | 2,284,104,512.04 | 8,211,028,727.73 | 1,723,091,356.31 | 9,934,120,084.04 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended October 31, 2010 and 2009

Separate Financial Statements

(Unit : Baht)

| | Notes | Issued and Paid-up | Premium on | Unrealized Gain (Loss) | | Retained Earnings | | Total |
|--|-------|--------------------|------------------|------------------------|----------------------|-------------------|------------------|------------------|
| | | Share Capital | Ordinary Shares | Differences on | Change in Fair Value | Appropriated | Unappropriated | |
| | | | | Revaluation of Assets- | of Available- | Legal Reserve | | |
| | | | | Parent Company | for-Sale Securities | | | |
| Balance as at November 1, 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 |
| Effect from Change in the Accounting Policy - Inventory | 4.1 | - | - | - | - | - | (75,135,897.83) | (75,135,897.83) |
| Adjusted Balance | | 1,550,000,000.00 | 1,554,617,243.34 | 1,296,880,669.71 | 1,725,415.00 | 162,620,000.00 | 328,335,507.48 | 4,894,178,835.53 |
| Differences on Revaluation of Assets Decrease-Net | | - | - | (19,054,018.09) | - | - | - | (19,054,018.09) |
| Depreciation on Differences on Revaluation of Assets | | - | - | (85,325,659.52) | - | - | - | (85,325,659.52) |
| Change in Fair Value of Available-for-Sale Securities | | - | - | - | 1,020,470.00 | - | - | 1,020,470.00 |
| Total Recognised Income (Expenses) in Shareholders' Equity | | - | - | (104,379,677.61) | 1,020,470.00 | - | - | (103,359,207.61) |
| Profit for the Year | | - | - | - | - | - | 490,401,281.19 | 490,401,281.19 |
| Total Income (Expenses) Recognised for the Year | | - | - | (104,379,677.61) | 1,020,470.00 | - | 490,401,281.19 | 387,042,073.58 |
| Dividends Paid | 28 | - | - | - | - | - | (340,999,428.00) | (340,999,428.00) |
| 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 | 477,737,360.67 | 4,940,221,481.11 |
| Differences on Revaluation of Assets Decrease-Net | | - | - | (1,635,621.50) | - | - | - | (1,635,621.50) |
| Depreciation on Differences on Revaluation of Assets | | - | - | (74,952,217.92) | - | - | - | (74,952,217.92) |
| Change in Fair Value of Available-for-Sale Securities | | - | - | - | (475,345.99) | - | - | (475,345.99) |
| Total Recognised Expenses in Shareholders' Equity | | - | - | (76,587,839.42) | (475,345.99) | - | - | (77,063,185.41) |
| Profit for the Year | | - | - | - | - | - | 95,839,761.57 | 95,839,761.57 |
| Total Income (Expenses) Recognised for the Year | | - | - | (76,587,839.42) | (475,345.99) | - | 95,839,761.57 | 18,776,576.16 |
| Dividends Paid | 28 | - | - | - | - | - | (232,499,138.10) | (232,499,138.10) |
| Legal Reserve | 28 | - | - | - | - | 4,800,000.00 | (4,800,000.00) | - |
| Balance as at October 31, 2010 | | 1,550,000,000.00 | 1,554,617,243.34 | 1,115,913,152.68 | 2,270,539.01 | 167,420,000.00 | 336,277,984.14 | 4,726,498,919.17 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the Years Ended October 31, 2010 and 2009

| | (Unit : Baht) | | | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated Financial Statements | | Separate Financial Statements | |
| | 2010 | 2009 | 2010 | 2009 |
| | | (Restated) | | (Restated) |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit Before Income Tax | 194,514,781.63 | 1,332,111,622.89 | 95,839,761.57 | 594,521,186.72 |
| Reconciliation of Profit with Cash Received (Payment) from Operation :- | | | | |
| Dividends Income | (296,824.70) | (178,710.00) | (108,464,955.70) | (138,712,577.20) |
| Doubtful Accounts-Trade Accounts Receivable, Farmer Accounts Receivable and Loans for Cane Plantation Development (Reversal) | (4,583,638.70) | 4,986,848.98 | - | - |
| Share of Profit of Associated Company (Net of Income Tax) | (6,350,493.64) | (1,364,888.74) | - | - |
| Amortization of Premium on Bond | 82,804.96 | 99,252.06 | 40,596.34 | 68,488.55 |
| Loss from Damaged Cane and Impairment of the Deferred Cane Plantation Cost | 162,023,227.93 | 187,649,818.97 | - | 485,945.85 |
| Loss from Dilapidated Goods and Factory Supplies and Costs of Goods Exceeding Net Realizable Value | 4,403,394.25 | 19,743.00 | - | - |
| Depreciation | 392,547,551.33 | 390,964,657.33 | 134,903,432.01 | 148,215,697.55 |
| Gain from Disposal and Written-off of Assets | (32,078,797.62) | (11,282,643.32) | (15,613,320.32) | (8,753,249.31) |
| Loss from Impairment of Fixed Assets | - | 3,111,773.05 | - | - |
| Loss from Impairment of Investments in Subsidiary and Associated Companies (Reversal) | - | - | (38,357,579.32) | 17,700,063.70 |
| Gain from Sale of Temporary Investments and Other Long-term Investments | (1,312,029.66) | (135,258,065.45) | (1,090,396.43) | (58,144,274.94) |
| Unrealized Gain on Exchange Rate | (11,898,805.92) | (756,114.58) | - | (102,653.21) |
| Interest Expenses | 338,420,953.96 | 241,917,623.74 | 229,762,038.93 | 171,808,041.66 |
| Amortized Debenture Issuance Expenses | 3,160,408.76 | 2,275,143.59 | 3,160,408.76 | 2,275,143.59 |
| Profit from Operation before Changes in Operating Assets and Liabilities | 1,038,632,532.58 | 2,014,296,061.52 | 300,179,985.84 | 729,361,812.96 |
| Operating Assets (Increase) Decrease | | | | |
| Trade Accounts Receivable | 51,349,482.32 | 94,257,404.20 | (8,187,044.37) | 146,724,171.85 |
| Farmer Accounts Receivable | 7,484,568.96 | 20,146,380.93 | - | - |
| Inventories | 79,104,499.84 | 97,241,274.01 | 36,251,484.16 | 211,723,420.38 |
| Real Estate Development Cost | 2,078,483.45 | 15,095,964.46 | - | - |
| Machine Maintenance Supplies | 53,217,549.59 | (65,853,178.85) | 6,639,325.26 | 9,360,141.45 |
| Other Current Assets | 33,441,611.58 | 306,249,508.41 | (21,042,141.95) | 237,313,726.30 |
| Deferred Cane Plantation Cost | (253,290,289.08) | (391,575,670.20) | (25,673,426.07) | (21,529,178.57) |
| Other Non-Current Assets | 11,168,813.27 | (23,827,096.19) | - | - |
| Operating Liabilities Increase (Decrease) | | | | |
| Trade Accounts Payable | (120,059,018.15) | 151,154,050.09 | (43,304,401.26) | 14,551,097.61 |
| Advance Received for Goods | 10,781,598.51 | (13,597,742.36) | 14,903,678.87 | 63,879,897.87 |
| Accrued Fee Payable to the Office of The Cane and Sugar Fund | (33,295,958.79) | 15,316,736.43 | (18,486,732.45) | 4,649,561.65 |
| Accrued Stabilization Function Payment to the Office of The Cane and Sugar Fund | 50,187,868.20 | 75,077,890.87 | 21,843,267.42 | 34,835,339.41 |
| Other Accrued Expenses | (46,589,600.82) | 20,106,065.38 | (13,857,433.17) | (17,759,767.29) |
| Other Accounts Payable | (55,959,038.25) | (25,718,071.80) | (25,888,241.41) | 4,942,349.78 |
| Liabilities from Investment in Derivative Instruments | (6,205,768.81) | 6,205,768.81 | (2,790,715.43) | 2,790,715.43 |
| Other Current Liabilities | 14,912,212.22 | 46,954,670.92 | 5,638,951.42 | 4,526,158.40 |
| Other Non-Current Liabilities | (2,089,743.37) | (9,860,139.11) | 319,818.30 | (992,764.90) |
| Cash Received from Operating Activities | 834,869,803.25 | 2,331,669,877.52 | 226,546,375.16 | 1,424,376,682.33 |
| Interest Paid | (385,587,653.60) | (258,673,142.38) | (222,644,989.97) | (140,345,883.43) |
| Income Tax Paid | (201,211,740.27) | (378,263,804.57) | (12,456,302.66) | (136,205,564.34) |
| Net Cash Received from (Used in) Operating Activities | 248,070,409.38 | 1,694,732,930.57 | (8,554,917.47) | 1,147,825,234.56 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the Years Ended October 31, 2010 and 2009

(Unit : Baht)

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | | (Restated) | | (Restated) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Cash Purchase of Temporary Investment | (59,020,779.32) | (166,000,000.00) | - | - |
| Cash Received from Redemption and Sale of Temporary Investment | 225,220,305.23 | - | - | - |
| (Increase)Decrease in Short-Term Loans to Related Companies | 130,355,542.21 | (51,753,351.94) | (285,500,000.00) | (1,089,500,000.00) |
| Increase in Short-Term Loans to Farmers | (278,429,782.54) | (18,191,726.74) | (105,561,282.54) | (77,506,582.88) |
| Cash Paid to Purchase Investments in Subsidiary Companies | - | - | (790,743,430.76) | (638,880,000.00) |
| Cash Received for Sale and Repayment of Investment in Subsidiary Companies | - | - | 195,250.00 | 272,553,290.31 |
| Cash Purchase of Other Long-Term Investment | (6,295,949.90) | (7,171,666.09) | (6,295,949.90) | - |
| Cash Received from Redemption and Sales of Other Long-Term Investments | 8,396,073.44 | 213,326,664.92 | 7,770,073.44 | 110,172,963.00 |
| Cash Received from Dividend from Subsidiary Companies and Other Companies | 296,824.70 | 178,710.00 | 135,529,327.20 | 108,790,045.70 |
| (Increase)Decrease in Loans for Cane Plantation Development | (148,716,076.21) | 15,796,447.35 | (10,759,200.00) | (10,891,600.00) |
| Cash Received from (Paid to) Long-Term Loans to Related Individual | 160,484,160.00 | (167,683,680.00) | - | - |
| Cash Payment to Purchase Property, Plant and Equipment | (3,324,547,875.08) | (3,820,995,548.10) | (78,796,996.41) | (131,074,018.87) |
| Cash Received from Sales of Property, Plant and Equipment | 32,365,724.46 | 30,757,893.44 | 17,370,983.28 | 17,230,076.92 |
| Purchase of Land not used in Operation | (56,967,012.82) | (31,664,230.18) | (27,585,419.00) | - |
| Cash Received from Sales of Assets not used in Operation | 32,755,821.00 | - | - | - |
| (Increase)Decrease in Obligated Fixed Deposits | - | 68,511.79 | - | (131,488.21) |
| Net Cash Used in Investing Activities | (3,284,103,024.83) | (4,003,331,975.55) | (1,144,376,644.69) | (1,439,237,314.03) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Increase (Decrease) in Overdrafts and Short-Term Loans from Financial Institutions | 642,035,235.16 | 382,836,304.47 | - | (70,360,483.92) |
| Decrease in Bills of Exchange | (100,000,000.00) | (1,496,661,945.77) | (100,000,000.00) | (1,496,661,945.77) |
| Increase in Short-Term Loans from Related Companies | - | - | 153,000,000.00 | 18,000,000.00 |
| Increase(Decrease) in Short-Term Loan from Outside Person | (63,000,000.00) | 68,000,000.00 | - | - |
| Cash Payment for Accounts Payable-Assets | (707,598,233.18) | (256,144,797.15) | (13,413,288.27) | (83,072,231.76) |
| Cash Received from Debentures | 1,497,566,153.85 | 1,776,236,247.00 | 1,497,566,153.85 | 1,776,236,247.00 |
| Cash Received from Long-Term Loans | 2,563,316,510.00 | 2,083,904,298.00 | - | 500,000,000.00 |
| Repayment of Long-Term Loans | (368,000,000.00) | (365,000,000.00) | (168,000,000.00) | - |
| Cash Payment of Dividends for Parent Company's Shareholders | (232,499,138.10) | (340,999,428.00) | (232,499,138.10) | (340,999,428.00) |
| Cash Payment of Dividends for Minority Shareholders | (12,773,613.42) | (15,766,803.23) | - | - |
| Cash Received from (Paid to) Minority Shareholders | (267,427,430.74) | 151,787,040.00 | - | - |
| Net Cash Received from Financing Activities | 2,951,619,483.57 | 1,988,190,915.32 | 1,136,653,727.48 | 303,142,157.55 |
| Increase in Currency Translation Differences | 20,621,825.79 | 80,042,988.25 | - | - |
| Cash and Cash Equivalents Increase (Decrease) -Net | (63,791,306.09) | (240,365,141.41) | (16,277,834.68) | 11,730,078.08 |
| Cash and Cash Equivalents at the Beginning of the Year | 267,015,082.31 | 507,380,223.72 | 29,791,532.91 | 18,061,454.83 |
| Cash and Cash Equivalents at the End of the Year | 203,223,776.22 | 267,015,082.31 | 13,513,698.23 | 29,791,532.91 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS

For the Years Ended October 31, 2010 and 2009

(Unit : Baht)

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-----------------------------------|-----------------------|-------------------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | | (Restated) | | (Restated) |
| 1. Additional cash flow information Disclosure : | | | | |
| Significant non-cash items are as follows :- | | | | |
| - Classified Obligated fixed deposit with the maturity not exceeding 12 months (presented in other non-current assets) to temporary investments-net | 5,708,477.19 | - | 5,708,477.19 | - |
| - Reclassified the short-term loans to farmer to the farmer accounts receivable | 3,260,940.43 | - | 3,260,940.43 | - |
| - Set off other accounts receivable-compensation for sugar production and distribution with accrued stabilization function payment to the Office of The Cane and Sugar Fund | 55,901,946.43 | 49,950,369.43 | 25,290,680.39 | 24,601,393.36 |
| - Unrealized gain(loss) from available-for-sale securities | (226,469.81) | 2,121,925.06 | (475,345.99) | 1,020,470.00 |
| - Depreciation on differences on revaluation of assets | 293,141,142.63 | 312,892,295.40 | 74,952,217.92 | 85,325,659.52 |
| - Revaluation differences on assets increase(decrease)-net | (4,146,425.62) | 150,696,471.49 | (1,635,621.50) | (19,054,018.09) |
| - Transfer of depreciation to deferred cane plantation cost | 99,037,818.11 | 95,212,750.27 | 900,671.36 | 2,409,305.01 |
| - Transfer of asset-in-construction to machine supplies not used | - | 19,932,244.36 | - | - |
| - Purchases of fixed assets which had not yet been paid | 589,018,942.07 | 677,710,176.97 | 26,630,207.50 | 14,277,946.54 |
| - Recorded interest expense as cost of assets | 58,325,364.19 | 53,667,710.20 | - | - |
| - Transfer out (in) of minority interest equity to differences on the change in shareholding ratio in subsidiary companies | (42,549,806.60) | 11,361,763.43 | - | - |
| - Transfer of property, plant and equipment to real estate development cost | 32,570,009.91 | - | - | - |
| - Reclassified other long-term investments-net to other current assets | 751,158.74 | - | - | - |
| - Reclassified property awaiting transfer from property, plant and equipment to non-current asset | 100,000.00 | - | - | - |
| - Received dividend from a subsidiary company | - | - | - | 2,858,160.00 |
| - Appropriated for legal reserve from retained earnings | 4,800,000.00 | - | 4,800,000.00 | - |
| 2. Cash and Cash Equivalents as follows :- | | | | |
| - Cash | 8,740,346.19 | 7,970,601.47 | 976,558.25 | 1,636,936.25 |
| - Savings accounts deposits | 144,728,385.47 | 181,826,315.76 | 7,501,354.16 | 15,226,045.38 |
| - Current accounts deposits | 49,755,044.56 | 77,197,639.75 | 5,035,785.82 | 12,928,551.28 |
| - Fixed deposit with the maturity not exceeding 3 months | - | 20,525.33 | - | - |
| Total | 203,223,776.22 | 267,015,082.31 | 13,513,698.23 | 29,791,532.91 |

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

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**AND ITS SUBSIDIARY COMPANIES****NOTES TO FINANCIAL STATEMENTS****OCTOBER 31, 2010 AND 2009**

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, was registered as a limited public company on March 18, 2004 with the registration number Bor Mor Jor 0107547000214 and was registered with the Stock Exchange of Thailand on March 7, 2005. Its registered headquarter is located at 503 K.S.L. Tower, 9th Floor, Sriyudahya Road, Ratchathewi, Bangkok and its factory is located at 43 Moo 10, Namphong Sub-District, Namphong District, 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 the notes to financial statements No. 5.1.

The Company's major shareholders during the financial period were K.S.L. Sugar Holding Co., Ltd. (32.26% shareholding), which is a company incorporated in Thailand.

2. Basis of Financial Statements Preparation

2.1 The consolidated and separate financial statements are prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which include the accounting standards and financial reporting standards announced to be effective 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 historical cost basis except disclosed otherwise under the accounting policy.

2.2 The Federation of Accounting Professions has issued its announcements No. 86/2551 No. 16/2552 and No. 17/2553 for the implementation of accounting standards, financial reporting standards and accounting guidelines as follows:-

- Accounting framework (Revised 2009)
- Accounting standard No.36 (Revised 2007) On Impairment of Assets
- Financial Reporting Standard No.5 (Revised 2007) On Non-current Asset Held for Sales and Discontinued Operations
- Accounting Guideline on Business Combinations of Entities under Common Control

The said accounting standards, financial reporting standards and accounting guidelines have to be applied to the financial statements for the accounting period that commence on or after January 1, 2009. The management of the Company has evaluated that those standards would have no material effects on the financial statements for the current year.

2.3 The Federation of Accounting Professions has issued FAP's Notifications No. 17/2553 and No. 50-55/2553, which have been published in the Royal Gazette, mandating the use of new accounting standards financial reporting standards and interpretation for financial reporting standards as follows:-

| Reference Standard No. | Name | Effective Date |
|---|---|-----------------|
| Accounting Standard No. 1 (Revised 2009) | Presentation of Financial Statements | January 1, 2011 |
| Accounting Standard No. 2 (Revised 2009) | Inventories | January 1, 2011 |
| Accounting Standard No. 7 (Revised 2009) | Statement of Cash Flows | January 1, 2011 |
| Accounting Standard No. 8 (Revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors | January 1, 2011 |
| Accounting Standard No. 10 (Revised 2009) | Events after the Reporting Period | January 1, 2011 |
| Accounting Standard No. 11 (Revised 2009) | Construction Contracts | January 1, 2011 |
| Accounting Standard No. 16 (Revised 2009) | Property, Plant and Equipment | January 1, 2011 |
| Accounting Standard No. 17 (Revised 2009) | Leases | January 1, 2011 |
| Accounting Standard No. 18 (Revised 2009) | Revenue | January 1, 2011 |
| Accounting Standard No. 19 | Employee Benefits | January 1, 2011 |
| Accounting Standard No. 23 (Revised 2009) | Borrowing Costs | January 1, 2011 |
| Accounting Standard No. 24 (Revised 2009) | Related Party Disclosures | January 1, 2011 |
| Accounting Standard No. 26 | Accounting and Reporting by Retirement Benefit Plans | January 1, 2011 |
| Accounting Standard No. 27 (Revised 2009) | Consolidated and Separate Financial Statements | January 1, 2011 |
| Accounting Standard No. 28 (Revised 2009) | Investments in Associates | January 1, 2011 |
| Accounting Standard No. 29 | Financial Reporting in Hyperinflationary Economics | January 1, 2011 |
| Accounting Standard No. 31 (Revised 2009) | Interests in Joint Ventures | January 1, 2011 |
| Accounting Standard No. 33 (Revised 2009) | Earnings per Share | January 1, 2011 |
| Accounting Standard No. 34 (Revised 2009) | Interim Financial Reporting | January 1, 2011 |
| Accounting Standard No. 36 (Revised 2009) | Impairment of Assets | January 1, 2011 |
| Accounting Standard No. 37 (Revised 2009) | Provisions, Contingent Liabilities and Contingent Assets | January 1, 2011 |
| Accounting Standard No. 38 (Revised 2009) | Intangible Assets | January 1, 2011 |
| Accounting Standard No. 40 (Revised 2009) | Investment Property | January 1, 2011 |

| Reference Standard No. | Name | Effective Date |
|--|--|-----------------|
| Financial Reporting Standard No. 2 | Share-based Payment | January 1, 2011 |
| Financial Reporting Standard No. 3 (Revised 2009) | Business Combination | January 1, 2011 |
| Financial Reporting Standard No. 5 (Revised 2009) | Non-current Assets Held for Sale and Discontinued Operations | January 1, 2011 |
| Financial Reporting Standard No. 6 | Exploration for and Evaluation of Mineral Resources | January 1, 2011 |
| Interpretation for Financial Reporting Standard No. 15 | Agreements for the Construction of Real Estate | January 1, 2011 |
| Accounting Standard No. 12 | Income Taxes | January 1, 2013 |
| Accounting Standard No. 20 (Revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance | January 1, 2013 |
| Accounting Standard No. 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates | January 1, 2013 |

The Company is evaluating its effect on the financial statements on the accounting period the said accounting standard becomes effective.

- 2.4 The financial statements for the year ended October 31, 2009 have been adjustment because of the change in the accounting policy as mentioned in the notes to financial statements No. 4.1 on the Account reclassification since November 1, 2009 onward, the Company presented the Statements of Income with the expenses classified by function in multiple categories and the format of the Statements of Changes in shareholders' equity in compliance with Notification of the Department of Business Development dated January 30, 2009 on Specification of Condensed Items to be shown on Financial Statements B.E. 2552 which has become effective for the accounting period that commence on or after January 1, 2009 and other reclassification, which the reclassification has no effect on profit for the year or shareholder's equity as previously reported, to facilitate the comparison and correspond with the financial statements for the year ended October 31, 2010. The said adjustments and reclassified accounting items consist of the following :-

1) The balance sheets as at October 31, 2009

(Unit : Million Baht)

| | <u>Consolidated Financial Statements</u> | | | | <u>Separate Financial Statements</u> | | | |
|---|--|------------|------------------|------------|--------------------------------------|------------|------------------|------------|
| | Before | Adjustment | Reclassification | After | Before | Adjustment | Reclassification | After |
| | Adjustment | Increase | Increase | Adjustment | Adjustment | Increase | Increase | Adjustment |
| | (Decrease) | (Decrease) | | | (Decrease) | (Decrease) | | |
| Trade accounts receivable-net | 597.18 | - | 2.58 | 599.76 | 125.01 | - | 10.96 | 135.97 |
| Trade accounts receivable-subsiary and related companies | 2.58 | - | (2.58) | - | - | - | - | - |
| Current portion of other accounts receivable- compensation for sugar production and distribution | - | - | 55.96 | 55.96 | - | - | 25.42 | 25.42 |
| Inventories-net | 1,773.77 | (94.50) | - | 1,679.27 | 560.94 | (44.43) | - | 516.51 |
| Other accounts receivable-cane value-net | 3.35 | - | (3.35) | - | 1.44 | - | (1.44) | - |
| Other current assets | 196.81 | - | (11.50) | 185.31 | 54.75 | - | (9.52) | 45.23 |
| Other accounts receivable-compensation for sugar production and distribution-net | 244.95 | - | (105.91) | 139.04 | 132.77 | - | (50.02) | 82.75 |
| Obligated fixed deposits | 5.71 | - | (5.71) | - | 5.71 | - | (5.71) | - |
| Other non-current assets | 41.86 | - | 20.56 | 62.42 | 0.15 | - | 5.71 | 5.86 |
| Accrued stabilization function payment to the Office of The Cane and Sugar Fund | 105.91 | - | (49.95) | 55.96 | 50.02 | - | (24.60) | 25.42 |
| Retained earnings | 2,453.86 | (91.16) | - | 2,362.70 | 522.17 | (44.43) | - | 477.74 |
| Minority shareholders' equity | 2,109.94 | (3.34) | - | 2,106.60 | - | - | - | - |

2) The statements of income for the year ended October 31, 2009

(Unit : Million Baht)

| | <u>Consolidated Financial Statements</u> | | | | <u>Separate Financial Statements</u> | | | |
|---|--|------------|------------------|------------|--------------------------------------|------------|------------------|------------|
| | Before | Adjustment | Reclassification | After | Before | Adjustment | Reclassification | After |
| | Adjustment | Increase | Increase | Adjustment | Adjustment | Increase | Increase | Adjustment |
| | (Decrease) | (Decrease) | | | (Decrease) | (Decrease) | | |
| Revenue from sales and services | 11,517.32 | - | (11,517.32) | - | 5,215.64 | - | (5,215.64) | - |
| Revenue from sale of fuel oil, fertilizer and other supplies | 171.19 | - | (171.19) | - | 89.54 | - | (89.54) | - |
| Revenue from sales | - | - | 11,498.28 | 11,498.28 | - | - | 5,305.19 | 5,305.19 |
| Revenue from services | - | - | 172.70 | 172.70 | - | - | - | - |
| Dividend income | 0.18 | - | (0.18) | - | 138.71 | - | (138.71) | - |
| Other income | 380.44 | - | (31.49) | 348.95 | 207.72 | - | 113.88 | 321.60 |
| Cost of sales and services | 8,524.58 | - | (8,524.58) | - | 4,136.16 | - | (4,136.16) | - |
| Cost of sales of other goods | 155.50 | - | (155.50) | - | 80.51 | - | (80.51) | - |
| Cost of sales | - | (17.90) | 8,725.23 | 8,707.33 | - | (30.70) | 4,179.42 | 4,148.72 |
| Cost of services | - | - | 76.00 | 76.00 | - | - | - | - |
| Selling expenses | 330.20 | - | (17.53) | 312.67 | 168.70 | - | - | 168.70 |
| Administrative expenses | 741.14 | - | (259.20) | 481.94 | 141.11 | - | (9.76) | 131.35 |
| Executives' remuneration | - | - | 113.64 | 113.64 | - | - | 26.88 | 26.88 |
| Directors' remuneration | 13.47 | - | (13.47) | - | 7.48 | - | (7.48) | - |
| Loss from investment in derivative instruments | - | - | 6.21 | 6.21 | - | - | 2.79 | 2.79 |

- 2.5 Preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates which estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.
- 2.6 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3. Summary of Significant Accounting Policies

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

- 3.1 Cash and cash equivalents 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.
- 3.2 Trade accounts receivable, farmer accounts receivable, and other accounts receivable are shown at the net realizable value. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.
- 3.3 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.
 - The calculation of goods in process and finished goods of sugar and molasses 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.
 - 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.
 - Palm oil's work-in-process and finished goods is calculated by the actual cost incurred under the weighted average method.

In the year 2010, the Company and the subsidiary companies, with the main business activities of manufacturing and distributing sugar and molasses, have changed the calculation method for the molasses, a by-product from sugar production, from formerly shown at the average net realizable value to the lower of cost or net realizable value which the cost is calculate from the average cost of production of each production year under first in-first out method. Its effect is shown in the notes to financial statements no. 4.1.

Bagasse, other by-products from sugar, wheat flour and palm oil production, the Group Companies do not appropriate the common production cost incurred from the production process; therefore, the revenue from selling the said by-products is shown after deduction of the production cost in each production season.

- 3.4 Real estate development cost is shown at the lower of cost or net realizable value using the specific method 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.
- 3.5 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).
- 3.6 Investments
- 3.6.1 Investments in subsidiary companies in the separate financial statements are record under the cost method net by the allowance for accumulated impairment and record the recognition of the change in the investment in the statements of income when the investment is disposed or the impairment of the investment incurred.
- 3.6.2 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 allowance for accumulated impairment and record the recognition of the change in the investment in the statements of income when the investment is disposed or the impairment of the investment incurred.
- 3.6.3 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 when these investments are sold or impaired in value, the recognition will be made through the statements of income.

- 3.6.4 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 amortized cost and deducted by the allowance for accumulated impairment (if any). The Company and its subsidiary companies amortized premium/discount over value of debt instruments by effective interest rates method and the amount amortized will be shown in the statements of income.
- 3.6.5 General investments is non-marketable equity instruments are shown at cost net off by allowance for accumulated impairment (if any) and change is value of general investments is recognised in the statements of income when they are sold or impaired.
- 3.7 Deferred cane plantation cost is the accumulated cost of cane plantation consisting of purchase cost of breed canes, cost of cane harvested for cane breeding, fertiliser cost, wages and other related direct expenses which are measured at cost deducted by accumulated depreciation and the 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 its subsidiary companies expected to purchase from cane farmers in each region.
- 3.8 Property, plant and equipment are stated at cost less accumulated depreciation and the allowance for accumulated impairment except for land, buildings and machines which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less accumulated depreciation which calculated from the said fair value and allowance for accumulated impairment.

Revaluations are performed by independent professional appraisers, which the Company has the policy for the independent professional appraisers to perform the appraisal for the said assets at sufficient regularity to ensure that the book value of these assets does not differ materially from their fair values at the balance sheet date. Increase from appraisal value will be recorded in the shareholders' equity under "unrealized gain (loss)-difference on revaluation of assets", and decrease from cost recorded as loss from decrease in revaluation of assets in the statements of income. Increase in revaluation of building and machines will be amortized in accordance to the remaining useful life those assets.

The depreciation of the plant and equipment calculates from the cost or the revaluations of assets using the straight-line basis over their estimated useful life as follows:-

| | | |
|--|------|-------|
| - Land Improvement | 5-61 | years |
| - Building and Construction | 2-58 | years |
| - Machinery and Equipment | 3-43 | years |
| - Motor Vehicle and Labor Saving Tools | 4-20 | years |
| - Furniture and Office Equipment | 3-20 | years |

In the year 2010, the Company and the subsidiary companies, with the main business activities of manufacturing and distributing sugar and molasses, have changed the calculation method for the depreciation of the machinery used in production from depreciate over the straight-line basis over the estimate useful life of 3-43 years to depreciate over the production hours of the machine, which calculated to be equivalent to approximately 5 - 50 production seasons, using the production power of the machine which is estimated by the engineers of the Group Companies.

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 unrealized gain (loss)-difference on revaluation of assets in the shareholders' equity.

No depreciation is calculated for the land and assets in construction.

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

- 3.9 Assets not used in operation are initially recorded by cost method net by allowance for accumulated impairment.
- 3.10 Impairment of assets, the Company and its 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 its 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 statements of income (An asset's recoverable amount is the higher of net selling price and value in use of the said assets).
- 3.11 Trade and other accounts payable are shown at cost.
- 3.12 Debenture, initially recorded at cost by calculating from the fair value of the money received, which comprised of the fund received net by the direct cost from the issuance of debenture such as the management fee, debenture holder's representatives trustee appointment fee and the fee for financial advisor for debenture issuance and amortized as expenses by using the straight-line method, which is not significantly differ from the effective rate method. The said expenses would be recorded over various periods throughout the period of debenture according to each period's outstanding value of the debenture. Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.

- 3.13 For liability estimates, the Company and its 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 its 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 statements of income at amount net by recognized amount of expense to be recovered.
- 3.14 Ordinary shares are classified as capital and additional costs directly related to issuance of ordinary shares and warrants are recognized as deduction from share capital.
- 3.15 Premium on ordinary shares: in accordance with the provision in Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offer the ordinary for sale at the price exceeding the registered share price, the Company shall appropriate this said surplus as reserve (“Premium on ordinary shares”). This premium on ordinary shares could not be used in dividend.
- 3.16 Unrealised gain (loss)-difference 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 the same former shareholders and management and the said difference is shown as a separate item in the balance sheet under shareholders’ equity and will be written off when the investment is disposed.
- 3.17 Unrealised gain (loss)-difference from change in shareholding ratio in subsidiary companies is the difference between the investment for changed proportion in subsidiary companies and book value of the subsidiary companies resulted from change in proportion of investment in that subsidiary companies. This difference is shown as a separate item in the balance sheet under the shareholders’ equity and will be written off when the investment is disposed.
- 3.18 Minority’s interest mean the book value of the net assets of the subsidiary companies in according to the shareholding ratio of the minority shareholders or the participating portion which does not belong to the Group Companies. The minority’s interest is shown in a separate caption under the shareholders’ equity in the consolidated balance sheet and the net profit (loss) of the minority’s interest is shown in a separate caption of the consolidated statements of income.

3.19 Incomes recognition, revenue recognised excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts with the following policies: -

3.19.1 Sale of goods: revenue is recognized in the statements of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the economic benefit due from the sale of goods or render of services or the amount of the revenue and cost incurred could not be reasonably measured or the probable return of goods.

3.19.2 Service income is recognized as services are provided.

3.19.3 Rental income is recognised over the term of the lease.

3.19.4 Revenue from sale of land is recognized when the land ownership has already been transferred to the purchaser.

3.19.5 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.

3.19.6 Revenue from sale of electricity and steam are recognized when the electricity and the steam are delivered and the customers have accepted the deliveries.

3.19.7 Interest and discount receivable from discounting notes receivable are recognized according to the related period.

3.19.8 Dividend is recognized when entitled to receive such dividend.

3.19.9 Other incomes are recognized by accrual basis.

3.20 The policies concerning its expenses are as follows:

3.20.1 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 statements of income according to proportion of revenue recognition.

3.20.2 Other expenses are recognized by accrual basis.

- 3.21 Employee benefits: The Group Companies recognizes salaries, wages, bonuses, other welfare, contributions towards social security fund and provident fund as expenses when occurred.
- 3.22 For asset under lease contract, in which risk and ownership right in that asset vested in the lessor, is treated as operating lease contract. Leasing fee paid under the operating lease contract is accounted as expense throughout the contract period.
- 3.23 Finance costs such as interest expenses and similar costs are charged to the statements of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.
- 3.24 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 statements of income of the year.
- 3.25 The related parties and related companies with the Company and its subsidiary companies meant individuals or enterprises which have the controlling power over the Company and its subsidiary companies or are controlled by the Company and its subsidiary companies either directly or indirectly, or under the same control with the Company and its subsidiary companies. 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 its subsidiary companies who have the power to plan and control the operations of the Company and its 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.
- 3.26 Income tax will be recognized as expense item whenever liable to pay tax and calculate the tax from the taxable profit for the year under the Revenue Code.
- 3.27 The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares held by outsiders during the year. The calculations of diluted earnings per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.28 The sectoral business operation is disclosed under the separate business sectors of the Group Companies. By 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.

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

Derivatives, which the Group Companies invested in as means to prevent risk from volatile movements in exchange rates or prices of goods by establishing a future exchange rates or prices of goods at which the related asset and liability will be settled. Gain or loss from the investment in foreign currency forward contracts will be recorded in the statements of income when the contracts are settled or the contractual term expired.

4. Changes in Accounting Policies and Accounting Estimates

4.1 Change in Accounting Policy

The Company and its subsidiary companies, with the main business activities of manufacturing and distributing sugar, have changed the accounting policy in showing the molasses, a by-product from sugar production, from formerly shown at the average net realizable value to the lower of cost or net realizable value, which the cost is calculated from the average cost of production of each production year under first in-first out method, which consistent with the policy of the main products. The information provided in the financial statements would; therefore, be more related to the decision making process because the selling price of the molasses and the increased in demand that is much higher than those demand in the past resulted in the manufacturing and distributing of molasses became significant in the business operation. Furthermore, as a result of the said change in the accounting policies, the Company and its subsidiary companies retrospectively adjusted their financial statements as if the new accounting policy has always been applied and the effects are as follows: -

1) The balance sheets as at October 31, 2009

| | | (Unit : Million Baht) | |
|----------------------------------|---------------|-----------------------------|-----------------------------|
| | <u>Effect</u> | <u>Consolidated</u> | <u>Separate</u> |
| | | <u>Financial Statements</u> | <u>Financial Statements</u> |
| Assets | | | |
| Inventories | Decrease | 94.50 | 44.43 |
| Shareholders' equity | | | |
| Unappropriated retained earnings | Decrease | 91.16 | 44.43 |
| Minority shareholders' equity | Decrease | 3.34 | - |

2) The statements of income for the year ended October 31, 2009

(Unit : Million Baht)

| | <u>Effect</u> | <u>Consolidated</u> | <u>Separate</u> |
|----------------------------------|---------------|-----------------------------|-----------------------------|
| | | <u>Financial Statements</u> | <u>Financial Statements</u> |
| Cost of sales | Decrease | 17.90 | 30.70 |
| Profit for the year | Increase | 17.90 | 30.70 |
| Earnings per share (Unit : Baht) | Increase | 0.01 | 0.02 |

- 3) The consolidated and separate statements of change in shareholders' equity shown the decrease in retained earnings as at November 1, 2008 amounted to Baht 110.07 million and Baht 75.13 million respectively and shown the decrease in minority shareholders' equity amounted to Bath 2.33 million. The effect of the change in accounting policy is shown under the caption "Effect from change in the accounting policy-inventory".

4.2. Changes in Accounting Estimates

- 4.2.1 Since November 1, 2009, the Company and the subsidiary companies, with the main business activities of manufacturing and distributing sugar and molasses, have changed the calculation method for the depreciation of the machinery used in production from depreciate over the straight-line basis over the estimate useful life of 3-43 years to depreciate over the production hours of the machine using the production power of the machine which is estimated by the engineers of the Group Companies. The said change would be more suitable with the nature of the machinery usage in seasonal production and the method is prospectively applied. The management of the Company has evaluated that there would be no significant effect on the financial statements.
- 4.2.2 From February 1, 2010, two subsidiary companies have changed the approximate useful live of new building and construction from formerly 20 years to the new approximate useful live of 50 years to better suit the current situation. The information on the appraisal reports of independent appraiser whom has been approved by the Office of the Securities and Exchange Commission have been used in considering the remaining useful live of these assets and the new remaining useful live is prospectively applied. The management of the Company had evaluated and thought its effect to the financial statements is insignificant.

5. Basis for Preparation of the Consolidated Financial Statements

5.1 The consolidated financial statements include the consolidated, either directly or indirectly, financial statements of KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED (“the Company”) and its subsidiary companies (“subsidiary companies”) as follows :-

| <u>Company Name</u> | <u>Percentage of Shareholding</u> | | <u>Country of Incorporation</u> | <u>Type of Business</u> |
|---|-----------------------------------|-------------|---------------------------------|--|
| | <u>Directly and Indirectly</u> | | | |
| | <u>2010</u> | <u>2009</u> | | |
| * Thai Sugar Terminal Public Company Limited | 23.82 | 23.82 | Thailand | Transfer and transportation services for certain agriculture products, warehouse rental, land trading operation, land lots appropriation and construction of buildings on land for sale and rental |
| New Krung Thai Sugar Factory Co., Ltd. | 95.78 | 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. | 79.55 | 79.11 | Thailand | Export sugar as exporting agent |
| KSL Chemical Co., Ltd. | 100.00 | 100.00 | Thailand | Import and distribution of chemicals |
| Khon Kaen Sugar Power Plant Co., Ltd. | 100.00 | 100.00 | Thailand | Manufacture and distribution of electricity |
| Khon Kaen Alcohol Co., Ltd. | 100.00 | 100.00 | Thailand | Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer |
| KSL Agro and Trading Co., Ltd. (Formerly KSL Agro Co., Ltd.) | 100.00 | 100.00 | Thailand | Domestic sugar trading and agricultural business operation |
| Savannakhet Sugar Corporation | 98.49 | 97.00 | Laos | Agricultural operation, manufacture and distribution of sugar and molasses |
| Koh Kong Sugar Industry Co., Ltd. | 70.00 | 50.00 | Cambodia | Manufacture and distribution of sugar and molasses |
| Wynn In Trading Co., Ltd. | 100.00 | 100.00 | Mauritius | Trading and consultancy service |

| <u>Company Name</u> | <u>Percentage of Shareholding</u> | | <u>Country of Incorporation</u> | <u>Type of Business</u> | | |
|---|-----------------------------------|--------------------------------|---------------------------------|-------------------------|----------|--|
| | <u>Indirectly</u> | <u>Directly and Indirectly</u> | | | | |
| | <u>2010</u> | <u>2009</u> | | | | |
| Subsidiary Companies (The Company holds 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 | Property rental |
| * T S OIL INDUSTRY CO., LTD. (Formerly T S G PROPERTY CO., LTD.) | 22.46 | 22.46 | 23.08 | 23.08 | Thailand | Trading, rental, development of real-estate and palm oil refinery operation |
| * T S FLOUR MILL PUBLIC CO., LTD. (Formerly T S FLOUR MILL CO., LTD.) | 23.54 | 23.54 | 23.63 | 23.63 | Thailand | Produce and distribute wheat flour and property rental |
| * TS WAREHOUSE CO., LTD. | 15.28 | 15.28 | 19.30 | 19.30 | Thailand | Warehousing and loading of goods |
| * T S TRANSPORT AND LOGISTIC CO., LTD. | 20.46 | 20.46 | 30.58 | 30.58 | Thailand | Manufacture and distribute polypropylene bag, plastic fiber and plastic resin and plastic, including the trading of the said products and providing transportation and security services |
| Subsidiary Company (The Company hold the shares indirectly through Wynn In Trading Co., Ltd.) | | | | | | |
| Koh Kong Plantation Co., Ltd. | 70.00 | 50.00 | 70.00 | 50.00 | Cambodia | Agricultural operation |

* The Group Companies participate in controlling power; thus, they are considered subsidiary companies under the definition specified in the accounting standard.

All of the aforementioned companies are collectively called the “Group Companies”.

5.2 The accounting periods of subsidiary companies ended the same date as the Company's (accounting period ended 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. |
| - T S Oil Industry Co., Ltd. | - T S Flour Mill Public 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.* |

* During 2010, two overseas subsidiary companies have changed their accounting periods to end on the same date as the parent company's, which is October 31.

5.3 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.

5.4 The consolidated financial statements have been prepared using the same accounting policy for the same accounting items and other events in the similar situation.

5.5 Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

5.6 The significant inter-transactions and balances between the Company and its subsidiary companies including investments in the subsidiary companies in the Company's books and the subsidiary companies' share capital had been eliminated during the process of the consolidated financial statements preparation.

6. Inter-Transactions between the Related Companies and Individual

The Company holds accounting transaction items with its subsidiary companies, the related companies and related persons with the same shareholders' group or 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 :-

6.1 Inter-Assets and Liabilities as follows :-

| <u>Type of Transaction</u> | (Unit : Million Baht) | | | |
|-------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | <u>Consolidated</u> | | <u>Separate</u> | |
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| - Trade Accounts Receivable | | | | |
| Subsidiary Companies | - | - | 29.66 | 10.96 |
| Related Companies | 3.26 | 2.57 | - | - |
| Total | 3.26 | 2.57 | 29.66 | 10.96 |
| - Other Accounts Receivable | | | | |
| Subsidiary Companies | - | - | 15.14 | 24.39 |
| Related Companies | 0.01 | 0.06 | 0.01 | 0.06 |
| Total | 0.01 | 0.06 | 15.15 | 24.45 |
| - Accrued Dividend Receivable | | | | |
| Subsidiary Company | - | - | 108.26 | 135.32 |
| - Accrued Incomes | | | | |
| Related Company | - | 0.59 | - | - |
| - Accrued Interest Incomes | | | | |
| Subsidiary Company | - | - | 0.23 | 0.16 |
| Related Individual | - | 6.55 | - | - |
| Total | - | 6.55 | 0.23 | 0.16 |
| - Short-Term Loans to | | | | |
| Subsidiary Companies | | | | |
| Beginning balance | - | - | 1,089.50 | - |
| Increase in the year | - | - | 2,417.88 | 1,385.50 |
| Repaid in the year | - | - | (2,132.38) | (296.00) |
| Ending balance | - | - | 1,375.00 | 1,089.50 |

(Unit : Million Baht)

| <u>Type of Transaction</u> | <u>Consolidated</u> | | <u>Separate</u> | |
|-----------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| - Short-term Loans to (Continued) | | | | |
| Related Companies | | | | |
| Beginning balance | 130.36 | 78.60 | - | - |
| Increase in the year | 353.01 | 635.34 | - | - |
| Repaid in the year | (483.37) | (583.58) | - | - |
| Ending balance | - | 130.36 | - | - |
| Total | - | 130.36 | 1,375.00 | 1,089.50 |
| - Long-Term Loans to | | | | |
| Related Individual | | | | |
| Beginning balance | 160.48 | - | - | - |
| Increase in the year | - | 167.68 | - | - |
| Repaid in the year | (160.48) | - | - | - |
| Currency translation differences | - | (7.20) | - | - |
| Ending balance | - | 160.48 | - | - |

As at October 31, 2010 and 2009, short-term loans to subsidiary and related companies were loans in the form of promissory notes on demand bearing interest rates at 1.57-2.13% and 1.50-5.75% per annum respectively.

Long-term loans to related individual were loans due from a shareholder of an overseas subsidiary company, amounting to USD 4.80 million for the period of 5 years with interest rate charged at 5.00% 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. In the second quarter of 2010, the full repayment of the loan has been received.

(Unit : Million Baht)

| <u>Type of Transaction</u> | <u>Consolidated</u> | | <u>Separate</u> | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| - Trade Accounts Payable | | | | |
| Subsidiary Companies | - | - | 27.99 | 31.99 |
| Related Companies | - | 0.49 | - | - |
| Total | - | 0.49 | 27.99 | 31.99 |
| - Other Accounts Payable | | | | |
| Subsidiary Companies | - | - | 5.52 | 4.38 |
| Related Companies | 0.86 | 1.15 | 0.80 | 0.93 |
| Total | 0.86 | 1.15 | 6.32 | 5.31 |
| - Accrued Expenses | | | | |
| Subsidiary Companies | - | - | 2.03 | 1.35 |
| Related Companies | 1.09 | 0.14 | 0.04 | 0.04 |
| Total | 1.09 | 0.14 | 2.07 | 1.39 |
| - Accounts Payable-Assets | | | | |
| Related Companies | 0.30 | 0.37 | - | - |
| - Advance Received for Goods, Lease Fee and Deposit | | | | |
| Subsidiary Companies | - | - | 12.57 | 12.12 |
| Related Companies | 20.88 | 7.96 | 0.02 | 0.76 |
| Total | 20.88 | 7.96 | 12.59 | 12.88 |
| - Other Non-Current Liabilities | | | | |
| Subsidiary Companies | - | - | 0.62 | 0.62 |
| Related Companies | 0.74 | 0.74 | 0.74 | 0.74 |
| Total | 0.74 | 0.74 | 1.36 | 1.36 |
| - Short-Term Loans from | | | | |
| Subsidiary Companies | | | | |
| Beginning balance | - | - | 297.00 | 279.00 |
| Increase in the year | - | - | 856.00 | 1,232.50 |
| Repayment in the year | - | - | (703.00) | (1,214.50) |
| Ending balance | - | - | 450.00 | 297.00 |

As at October 31, 2010 and 2009, loans from subsidiaries are in the form of promissory notes maturing within three months, bearing interest rate at 1.57-2.13% and 0.65-4.50% per annum respectively.

6.2 Inter-Revenues-Expenses as follows :-

(Unit : Million Baht)

| <u>Type of Transaction</u> | <u>Consolidated</u> | | <u>Separate</u> | |
|--------------------------------|--|--------------|-----------------------------|---------------|
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>For the years ended October 31,</u> | | | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| - Sales and Services | | | | |
| Subsidiary Companies | - | - | 275.78 | 248.77 |
| Related Companies | 325.23 | 55.37 | 45.44 | 9.08 |
| Total | <u>325.23</u> | <u>55.37</u> | <u>321.22</u> | <u>257.85</u> |
| - Purchases Goods and Services | | | | |
| Subsidiary Companies | - | - | 1,428.29 | 667.09 |
| Related Companies | 3.77 | 4.21 | 1.23 | 1.95 |
| Total | <u>3.77</u> | <u>4.21</u> | <u>1,429.52</u> | <u>669.04</u> |
| - Dividend Receivable | | | | |
| Subsidiary Companies | - | - | 108.55 | 138.53 |
| - Other Incomes | | | | |
| Subsidiary Companies | - | - | 45.59 | 295.44 |
| Related Companies | 3.00 | 3.67 | 2.53 | 3.18 |
| Total | <u>3.00</u> | <u>3.67</u> | <u>48.12</u> | <u>298.62</u> |
| - Interest Incomes | | | | |
| Subsidiary Companies | - | - | 21.76 | 5.42 |
| Related Individual | 2.24 | 6.77 | - | - |
| Total | <u>2.24</u> | <u>6.77</u> | <u>21.76</u> | <u>5.42</u> |
| - Other Expenses | | | | |
| Subsidiary Companies | - | - | 10.06 | 16.08 |
| Related Companies | 19.23 | 26.31 | 10.49 | 18.01 |
| Total | <u>19.23</u> | <u>26.31</u> | <u>20.55</u> | <u>34.09</u> |
| - Interest Expenses | | | | |
| Subsidiary Companies | - | - | 2.88 | 3.77 |

Policy of Inter-Price Setting

- The inter-purchase/sales and borrow-return of raw sugar transactions between the Company and its subsidiary companies, the Group Companies uses the world market price when the sales-purchase is made for the first time of that year.
- In case of the sugar purchase/sales agreements entered into on behalf of the Group Companies, which each company has already been allocated the sales volume, if any company within the Group Companies has no sufficient volume of sugar to be delivered for the sales, purchase of sugar can be made within the Group Companies at the same price as stipulated in the said sugar purchase/sales agreements.

- The prices for other inter-purchase/sales goods (except sugar) are in accordance with the prices stipulated in the mutually agreed contracts, which is higher than cost.
- The purchase/sale prices of assets with related entities 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 10.00% 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 and construction lease 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.
- No fee is charged for the inter-credit facility guarantee.

6.3 Relationship of Related Entities

Consisted of :-

| <u>Company Name</u> | <u>Relationship</u> | <u>Connection</u> |
|--|-------------------------|--|
| K.S.L. IT Center Co., Ltd. | Related Company | Same shareholder Group/Mutual directors |
| Raja Ceramics Co., Ltd. | Related Company | Same shareholder Group/Mutual directors |
| On Nuj Construction Co., Ltd. | Related Company | Same shareholder Group /Mutual directors |
| K.K. Wood Industry Co., Ltd. | Related Company | Same shareholder Group |
| Amarco Co., Ltd. | Related Company | Same shareholder Group |
| Thai Fermentation Industry Co., Ltd. | Related Company | Same shareholder Group |
| Rajburi Sugar Co., Ltd. | Related Company | Mutual directors in Subsidiary |
| Mitr Kaset Sugar Industry Co., Ltd. | Related Company | Mutual directors in Subsidiary |
| Eastern Sugar and Sugar Cane Co., Ltd. | Related Company | Mutual directors in Subsidiary |
| Sahamit Machinery Public Co., Ltd. | Related Company | Mutual directors |
| KSL Tower Juristic Person office | Related Juristic Person | Shared Owner of Condominium Building |

All of the aforementioned related entities are incorporated in Thailand.

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

7. Privileges of Benefits from Promoted Investment

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 income tax for profit for the year derived form 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 8, 2006 March 30, 2006 | January 7, 2014 January 7, 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 | June 5, 2010 | June 4, 2018 |

Furthermore, in accordance with the promotion certificate no. 1432(2)/2552, the subsidiary company receives the privilege in reduction of the income tax rate at 50% of the regular rate for the period of 5 years commencing from the expired date and the promotion certificate no. 1657(2)/2552 receives the tax privilege by exempting the import duties for approved machines and exempting the income tax for the dividend received from promoted businesses for the entire period the 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 of Cambodia, with the details as follows: -

- 1) Foreign investment certificate no. 017-06/ Khor Lor Tor receives tax privilege by exempting the 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 income tax at the rate of 20%. The income is first derived on July 21, 2010 and the expiry date is July 20, 2015.
- 2) Foreign investment certificate no. 4420/06 Ghor. Wor. Ghor. dated December 15, 2006 and no. 4342/07 Ghor. Wor. Ghor. dated November 20, 2007 issued by Council for the Development of Cambodia, the subsidiary company receives tax privilege by exempting the duties in importing machines for manufacturing and construction materials.
- 3) Foreign investment certificate no. 1641/09 Ghor. Wor. Ghor. and no. 1642/09 Ghor. Wor. Ghor. dated July 28, 2009 issued by Council for the Development of Cambodia, the subsidiary company receives tax privilege by exemption of income tax for the period of 8 years, including priority period commencing from the date that the subsidiary company commenced the operation (year 2006).
- 4) 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 sale of sugar cane that produce especially for export. This certificate is valid for the period of 1 year commencing from July 29, 2009 to July 28, 2010.

8. Temporary Investments-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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Bank deposit with the maturity exceeding 3 months | | | | |
| - Fixed 12 months | 5,729,256.51 | - | 5,708,477.19 | - |
| Total | 5,729,256.51 | - | 5,708,477.19 | - |
| Investments in marketable debt instrument-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 instrument-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 | (1,887,341.55) | (2,222,341.55) | - | - |
| Investments in marketable equity securities available for sales-net | 2,428,000.00 | 2,093,000.00 | - | - |
| Temporary Investments-Net | 8,157,256.51 | 168,221,134.26 | 5,708,477.19 | - |

9. Trade Accounts Receivable-Net

Consisted of :-

| | (Unit : Baht) | | | |
|--|--|----------------|--------------------------------------|----------------|
| | <u>Consolidated Financial Statements</u> | | <u>Separate Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Related Companies | 3,256,128.03 | 2,574,972.47 | 29,659,067.55 | 10,956,602.41 |
| Outside Companies | 555,068,737.54 | 607,099,375.42 | 114,499,784.61 | 125,015,205.38 |
| Total Trade Accounts Receivable | 558,324,865.57 | 609,674,347.89 | 144,158,852.16 | 135,971,807.79 |
| <u>Less</u> Allowance for Doubtful Debts | (9,558,747.25) | (9,916,147.25) | - | - |
| Trade Accounts Receivable-Net | 548,766,118.32 | 599,758,200.64 | 144,158,852.16 | 135,971,807.79 |

Aging analyses for trade accounts receivable were as follows: -

9.1 Trade Accounts Receivable-Related Companies

(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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Domestic Trade Accounts Receivable | | | | |
| Not yet due | 3,004,896.95 | 2,574,972.47 | 29,659,067.55 | 10,956,602.41 |
| Overdue Not over 3 months | 251,231.08 | - | - | - |
| Total | 3,256,128.03 | 2,574,972.47 | 29,659,067.55 | 10,956,602.41 |

The normal credit term granted by the Group Companies ranges from 7 days to 360 days.

9.2 Trade Accounts Receivable-Outside Companies

(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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Domestic Trade Accounts Receivable | | | | |
| Not yet Due | 465,753,713.89 | 474,829,353.65 | 114,499,784.61 | 117,005,244.68 |
| Overdue Not Over 3 Months | 63,833,235.11 | 42,864,193.30 | - | 6,779,648.40 |
| Overdue Over 3 Months but Not Over 6 Months | 11,268,897.09 | - | - | - |
| Overdue Over 6 Months but Not Over 9 Months | 3,699,307.79 | 1,870,350.00 | - | - |
| Overdue Over 9 Months but Not Over 12 Months | 10,513,583.66 | 10,689,874.48 | - | - |
| Total | 555,068,737.54 | 530,253,771.43 | 114,499,784.61 | 123,784,893.08 |
| Foreign Trade Accounts Receivable | | | | |
| Not yet Due | - | 76,435,499.89 | - | 820,208.20 |
| Overdue Not Over 3 Months | - | 410,104.10 | - | 410,104.10 |
| Total | - | 76,845,603.99 | - | 1,230,312.30 |
| Total Trade Accounts Receivable | 555,068,737.54 | 607,099,375.42 | 114,499,784.61 | 125,015,205.38 |
| <u>Less</u> Allowance for Doubtful Debts-Domestic Trade Accounts Receivable | (9,558,747.25) | (9,916,147.25) | - | - |
| Net | 545,509,990.29 | 597,183,228.17 | 114,499,784.61 | 125,015,205.38 |

The normal credit term granted by the Group Companies ranges from 5 days to 90 days.

10. Farmer Accounts Receivable-Net

Consisted of :-

| | (Unit : Baht) | | | |
|---|--|-----------------|--------------------------------------|-------------|
| | <u>Consolidated Financial Statements</u> | | <u>Separate Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Cane Accounts Receivable | | | | |
| Before Season 2007 / 2008 | 57,186,107.83 | 65,836,882.40 | - | - |
| Season 2007 / 2008 | 6,475,191.04 | 9,897,066.06 | - | - |
| Season 2008 / 2009 | 1,281,582.50 | 2,161,969.93 | - | - |
| Season 2009 / 2010 | 6,011,740.39 | - | 3,260,940.43 | - |
| Total | 70,954,621.76 | 77,895,918.39 | 3,260,940.43 | - |
| Fuel Oil, Fertilizer and Other Service Charge Accounts Receivable | 5,342,110.72 | 2,624,442.62 | - | - |
| Total | 76,296,732.48 | 80,520,361.01 | 3,260,940.43 | - |
| <u>Less</u> Allowance for Doubtful Debts | (64,075,064.80) | (68,172,767.41) | - | - |
| Net | 12,221,667.68 | 12,347,593.60 | 3,260,940.43 | - |

11. Short-Term Loans to Farmers

As at October 31, 2010 and 2009, the majority of these loans are in the form of post-dated cheques in the consolidated financial statements amounting to Baht 454.34 million and Baht 262.61 million respectively, and in the separate financial statements at the portions amounting to Baht 134.33 million and Baht 88.93 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 for the next production season.

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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Sugar and molasses | 850,222,486.18 | 971,111,605.77 | 416,919,981.45 | 462,908,713.19 |
| Alcohol and bio-fertilizer | 174,682,602.43 | 82,481,346.99 | - | - |
| Wheat Flour | 223,585,995.63 | 445,872,438.74 | - | - |
| Polypropylene bag | 20,980,904.35 | 18,099,525.49 | - | - |
| Palm oil | 179,339,487.30 | - | - | - |
| Factory supplies | 151,985,552.78 | 162,336,611.52 | 63,340,312.50 | 53,603,064.92 |
| Total | 1,600,797,028.67 | 1,679,901,528.51 | 480,260,293.95 | 516,511,778.11 |
| <u>Less</u> Allowance for dilapidated goods and factory supplies | (668,283.19) | (633,029.09) | - | - |
| Allowance for the cost of goods exceeding net realizable value | (4,368,140.15) | - | - | - |
| Net | 1,595,760,605.33 | 1,679,268,499.42 | 480,260,293.95 | 516,511,778.11 |

The Company and its subsidiary companies have movement in transactions of allowance for the cost of goods exceeding net realizable value during the year as follows: -

| | (Unit : Baht) |
|--|-----------------------------|
| | <u>Consolidated</u> |
| | <u>Financial Statements</u> |
| Balance as at November 1, 2009 | - |
| <u>Add</u> Reserve for allowance for the cost of goods exceeding net realizable value | (4,368,140.15) |
| <u>Less</u> Reversal of allowance for the cost of goods exceeding net realizable value | - |
| Balance as at October 31, 2010 | (4,368,140.15) |

13. Other Current Assets

As at October 31, 2010, the amount of Baht 29.05 million in the consolidated financial statements and Baht 12.36 million in the separate financial statements are compensation received from the Cane and Sugar Fund for the re-purchase of one million sacks of sugar for the year 2009/2010 which the Office of The Cane and Sugar Fund would repay when the final cane price for the production year 2009/2010 has already been announced in the Royal Gazette.

14. Investments in Subsidiary and Associated Companies-Net

Consisted of :-

| | | | | | | | | | | (Unit : Baht) | |
|---------------------------------|------------------------------|---------|-----------------------------------|-------|---------------|---------------|-----------------|---------------|---------------|--|-------------------|
| | | | | | | | | | | <u>Consolidated Financial Statements</u> | |
| | | | | | | | | | | <u>As at October 31,</u> | |
| | | | | | | | | | | <u>2010</u> | <u>2009</u> |
| | | | | | | | | | | <u>Investment</u> | <u>Investment</u> |
| <u>Company Name</u> | <u>Paid-Up Share Capital</u> | | <u>Percentage of Shareholding</u> | | <u>Cost</u> | <u>Equity</u> | <u>Dividend</u> | <u>Cost</u> | <u>Equity</u> | <u>Dividend</u> | |
| | | | | | | | | | | <u>(Thousand Baht)</u> | |
| | | | | | | | | | | <u>2010</u> | <u>2009</u> |
| <u>Associated Company</u> | | | | | | | | | | | |
| Champion Fermentation Co., Ltd. | 200,000 | 200,000 | 32.50 | 32.50 | 73,800,000.00 | 55,149,827.48 | - | 73,800,000.00 | 48,799,333.84 | - | |
| Total | | | | | 73,800,000.00 | 55,149,827.48 | - | 73,800,000.00 | 48,799,333.84 | - | |

(Unit : Baht)

| Company Name | Separate Financial Statements | | | | | | | |
|---|-------------------------------|---------|-----------------|--------|-------------------|------------------|---------------------------------|----------------|
| | Paid-Up Share Capital | | Percentage | | Investment Cost | | Dividend | |
| | (Thousand Baht) | | of Shareholding | | As at October 31, | | For the years Ended October 31, | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Subsidiary and Associated Companies | | | | | | | | |
| Thai Sugar Terminal Public Co., Ltd.** | 132,000 | 132,000 | 23.82 | 23.82 | 81,966,759.79 | 81,966,759.79 | - | 3,175,733.30 |
| New Krung Thai Sugar Factory Co., Ltd. | 1,000,000 | 604,375 | 95.78 | 93.01 | 834,393,484.58 | 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 | 108,257,486.00 | 135,321,857.50 |
| New Kwang Soon Lee Sugar Factory Co., Ltd. | 500,000 | 500,000 | 98.61 | 98.61 | 569,284,258.19 | 569,284,258.19 | - | - |
| KSL 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 | 800,000 | 100.00 | 100.00 | 799,972,000.00 | 799,972,000.00 | - | - |
| Khon Kaen Alcohol Co., Ltd. | 610,000 | 551,500 | 100.00 | 100.00 | 609,985,600.00 | 551,485,600.00 | - | - |
| KSL. Agro and Trading Co., Ltd. (Formerly KSL. Agro Co., Ltd.) | 280,000 | 270,000 | 100.00 | 100.00 | 279,999,920.00 | 269,999,920.00 | - | - |
| Savannakhet Sugar Corporation* | 684,757 | 351,082 | 98.49 | 97.00 | 674,178,200.00 | 342,059,200.00 | - | - |
| Koh Kong Sugar Industry Co., Ltd.* | 798,900 | 798,900 | 70.00 | 50.00 | 563,829,430.76 | 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 | 4.11 | 4.11 | 2,061,429.54 | 2,061,429.54 | - | - |
| T S Oil Industry Co., Ltd.** | 200,000 | 135,000 | 0.62 | 0.62 | 1,237,672.44 | 1,237,672.44 | - | - |
| T S Flour Mill Public Co., Ltd.** | 200,000 | 400,000 | 0.09 | 0.09 | 196,477.34 | 393,055.34 | 92,704.70 | - |
| 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 | 80,000 | 10.12 | 10.12 | 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 | | | | | 5,159,536,664.02 | 4,199,109,811.26 | 108,350,190.70 | 138,533,867.20 |
| Plus Advance Payment for Share Subscription-Savannakhet Sugar Corporation | | | | | - | 169,880,000.00 | - | - |
| Total | | | | | 5,159,536,664.02 | 4,368,989,811.26 | 108,350,190.70 | 138,533,867.20 |
| Less Allowance for Impairment of Investments | | | | | (57,312,718.88) | (95,670,298.20) | - | - |
| Net | | | | | 5,102,223,945.14 | 4,273,319,513.06 | 108,350,190.70 | 138,533,867.20 |

* These foreign subsidiary companies have been audited by other independent Certified Public Accountants including Koh Kong Plantation Co., Ltd., which the Company hold its shares indirectly through Wynn In Trading Co., Ltd. at 70%. Furthermore, Koh Kong Plantation Co., Ltd. have the condition to dissolve the Company if its loss exceed 75% of the registered share capital and could not solve the said loss within 1 year.

** These local subsidiary companies which as at October 31, 2009 have been audited by other independent Certified Public Accountant.

Movement of Investments for the year ended October 31, 2010 and 2009 are as follows :-

| | (Unit : Baht) | |
|---|--------------------------------------|-------------------------|
| | <u>Separate Financial Statements</u> | |
| | <u>2010</u> | <u>2009</u> |
| Beginning balance | 4,273,319,513.06 | 3,926,233,666.76 |
| Increase in investments | | |
| - New Krung Thai Sugar Factory Co., Ltd. | 395,625,000.00 | - |
| - Thai Sugar Terminal Public Co., Ltd. | - | 2,858,160.00 |
| - Khon Kaen Alcohol Co., Ltd. | 58,500,000.00 | 234,000,000.00 |
| - Khon Kaen Sugar Power Plant Co., Ltd. | - | 140,000,000.00 |
| - KSL. Agro and Trading Co., Ltd. | 10,000,000.00 | 95,000,000.00 |
| - Savannakhet Sugar Corporation | 162,239,000.00 | 169,880,000.00 |
| - Koh Kong Sugar Industry Co., Ltd. | 164,379,430.76 | - |
| Capital payback | | |
| - T S Flour Mill Public Co., Ltd. | (196,578.00) | - |
| Sales of Investments | | |
| - Koh Kong Plantation Co., Ltd. | - | (276,952,250.00) |
| Reversal of (Reserve for) Allowance for Impairment of Investments | 38,357,579.32 | (17,700,063.70) |
| Ending balance | <u>5,102,223,945.14</u> | <u>4,273,319,513.06</u> |

The financial statements of three foreign subsidiary companies*, which were also consolidated, have been audited by other independent Certified Public Accountant. As at October 31, 2010 and 2009, there were, in the said foreign subsidiary companies' financial statements, the total assets amounts of Baht 4,315.86 million and Baht 4,244.00 million respectively, and for the years ended October 31, 2010 and 2009, the total revenue was Baht 282.56 million and Baht 41.24 million respectively, and the total loss for the year was Baht 419.43 million and Baht 338.94 million respectively.

The financial statements of six local subsidiary companies**, which were also consolidated, have been audited by other independent Certified Public Accountant. As at October 31, 2009 there were, in the said subsidiary companies' financial statements, the total assets amounts of Baht 2,388.50 million, the total revenue was Baht 1,471.48 million and the total profit for the year was Baht 186.85 million.

As at October 31, 2010 and 2009, in the consolidated financial statements, the financial statements of Champion Fermentation Co., Ltd. and its subsidiary companies, an associated company, which were accounted by equity method were prepared by the Company's management and have not yet been audited by an independent Certified Public Accountant. The Company recognized participating equity from investment in the associated company as participating profit recognized in the consolidated statements of income for the years ended October 31, 2010 and 2009 at amount of Baht 6.35 million and Baht 1.36 million respectively, or equivalent to 8.27% and 0.14% of the consolidated profit for the year respectively.

For the year ended October 31, 2010, the Company has reversed Baht 38.36 million of the allowance for impairment of investment because the result of operation has been improved and the fair value of the subsidiary company's assets is increased in accordance with the current economic condition.

15. Other Long-Term Investments-Net

Consisted of :-

| Company Name | Type of Business | Paid-Up Share Capital (Thousand Baht) | Percentage of Holding | | Consolidated Financial Statements | | Separate Financial Statements | | | | |
|---|--|---|-----------------------|----------|-----------------------------------|---------------|-------------------------------|---------------|------------|------------|------------|
| | | | Consolidated | Separate | As at October 31, | | As at October 31, | | | | |
| | | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | | | |
| (Unit : Baht) | | | | | | | | | | | |
| 15.1 Available for Sale Securities Investment | | | | | | | | | | | |
| Investment in Debt Securities | | | | | | | | | | | |
| - | Subordinated Debenture | | | | 4,000,000.00 | 4,000,000.00 | - | - | | | |
| Investment in Marketable Equity Securities | | | | | | | | | | | |
| - | Bangkok Bank Public Co., Ltd. | | | | 157,830.99 | 336,180.00 | 157,830.99 | 336,180.00 | | | |
| - | Ratchaburi Egco Holding Public Co., Ltd. | | | | 791,700.00 | 791,700.00 | 791,700.00 | 791,700.00 | | | |
| - | Finansa Public Co., Ltd. | | | | 50,000.00 | 50,000.00 | 50,000.00 | 50,000.00 | | | |
| <u>Add</u> Unrealized Gain on Available for Sale Securities | | | | | 2,368,844.69 | 2,802,180.24 | 2,270,539.01 | 2,745,885.00 | | | |
| Fair Value of Available for Sale Securities Investment | | | | | 7,368,375.68 | 7,980,060.24 | 3,270,070.00 | 3,923,765.00 | | | |
| 15.2 General Investments | | | | | | | | | | | |
| - | 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 | 109 | 8.00 | 8.00 | 2.00 | 2.00 | 8,700.00 | 8,700.00 | 2,175.00 | 2,175.00 |
| | | Information Service | | | | | | | | | |
| Total General Investments | | | | | 795,300.00 | 795,300.00 | 324,775.00 | 324,775.00 | | | |
| 15.3 Investment in Held-to-Maturity Debt Securities | | | | | | | | | | | |
| - | Bonds | | | | 14,775,670.52 | 15,964,423.20 | 6,295,949.90 | 6,857,318.26 | | | |
| <u>Less</u> Accumulated Amortization | | | | | (125,167.84) | (401,065.46) | (10,729.07) | (327,450.99) | | | |
| <u>Less</u> Current Portion | | | | | (751,158.74) | - | - | - | | | |
| Amortized Cost | | | | | 13,899,343.94 | 15,563,357.74 | 6,285,220.83 | 6,529,867.27 | | | |
| Total Other Long-Term Investments-Net | | | | | 22,063,019.62 | 24,338,717.98 | 9,880,065.83 | 10,778,407.27 | | | |

As at October 31, 2010 and 2009, bonds which had the book value in the consolidated financial statements amounts of Baht 14.65 million and Baht 15.56 million respectively, and in the separate financial statements amounts of Baht 6.29 million and Baht 6.53 million respectively, have been pledged as guarantee for electricity usage with the Provincial Electricity Authority.

In first quarter of 2009, the Company and its 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.

16. Deferred Cane Plantation Cost-Net

Movement for the years ended October 31, 2010 and 2009 are as follows :-

| | <u>Consolidated Financial Statements</u> | | <u>Separate Financial Statements</u> | |
|--|--|------------------|--------------------------------------|-----------------|
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Beginning Book Value-Net | 689,763,383.11 | 402,248,014.32 | 46,795,253.30 | 23,342,715.57 |
| Additional cost during the year | | | | |
| - Cost of cane plantation | 400,192,146.38 | 508,538,167.95 | 83,101,588.63 | 53,492,444.45 |
| - Transfer from land development cost and depreciation | 99,037,818.11 | 95,212,750.27 | 900,671.36 | 2,409,305.01 |
| Accumulated cost of cane planted | 1,188,993,347.60 | 1,005,998,932.54 | 130,797,513.29 | 79,244,465.03 |
| - Amortized cane cost during the year | (146,319,031.00) | (116,962,497.75) | (57,428,162.56) | (31,963,265.88) |
| - Written-off | (582,826.30) | - | - | - |
| Ending Book Value | 1,042,091,490.30 | 889,036,434.79 | 73,369,350.73 | 47,281,199.15 |
| Loss from damaged cane | (10,708,400.83) | (30,742,939.34) | - | (485,945.85) |
| Loss from value impairment | (151,314,827.10) | (156,906,879.63) | - | - |
| Difference from translation adjustment | (48,413,854.89) | (11,623,232.71) | - | - |
| Ending Book Value-Net | 831,654,407.48 | 689,763,383.11 | 73,369,350.73 | 46,795,253.30 |

The Company and its subsidiary companies recorded the deferred cane plantation cost at the cost value less accumulated depreciation and allowance for accumulated 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, 2010 and 2009, a portion of the deferred cane plantation cost at Baht 744.38 million and Baht 626.59 million respectively belong to two subsidiary companies who perform cane plantation on leased land as follows:-

- The first subsidiary company for the amounts of Baht 223.85 million and Baht 159.20 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. 37.1.
- The second subsidiary company for the amounts of Baht 520.53 million and Baht 467.39 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. 37.2.

17. 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Cane Growing Promotion Loans | 247,437,195.32 | 98,721,119.11 | 21,650,800.00 | 10,891,600.00 |
| <u>Less</u> Current Portion of Loans for Cane | | | | |
| Plantation Development | (45,646,870.38) | (23,878,328.59) | (7,216,600.00) | (4,950,000.00) |
| Total | 201,790,324.94 | 74,842,790.52 | 14,434,200.00 | 5,941,600.00 |
| <u>Less</u> Allowance for Doubtful Debts | (5,786,944.46) | (5,915,480.55) | - | - |
| Net | 196,003,380.48 | 68,927,309.97 | 14,434,200.00 | 5,941,600.00 |

As at October 31, 2010 and 2009, in the consolidated and separate financial statements, in amount of Baht 21.65 million and Baht 10.89 million respectively were loans provided to two outside companies and an outside company respectively to purchase agricultural machines to be used in plantation for an overseas subsidiary company. The loan agreements are entered into for the period of 3 years with the principal repayment and interest to be made in installment; every year at Baht 7.22 million per installment and every three-month at Baht 0.99 million per installments respectively and interest chargeable at MLR+1.00% per annum for both years. The Company has the ownership over the purchased agricultural machines with the contractual value of Baht 10.89 million, which in the event of default of debt payment, the Company can sell these machines back to the seller.

As at October 31, 2010 and 2009, the remaining loans for cane plantation development were loans made to farmers for the purpose to buy lands used for cane plantation, agricultural machines and agricultural apparatus of the subsidiary companies. 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 pledging their lands and vehicles as collaterals.

18. Other Accounts Receivable-Compensation for Sugar Production and Distribution-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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Other Accounts Receivable-Compensation for Sugar | | | | |
| Production and Distribution | 244,952,528.07 | 244,952,528.07 | 132,770,099.96 | 132,770,099.96 |
| <u>Less</u> Stabilization Function Payment Season 2007 / 2008 | (49,950,369.43) | (49,950,369.43) | (24,601,393.36) | (24,601,393.36) |
| Stabilization Function Payment Season 2008 / 2009 | (55,901,946.43) | - | (25,290,680.39) | - |
| Other Accounts Receivable-Net | 139,100,212.21 | 195,002,158.64 | 82,878,026.21 | 108,168,706.60 |
| <u>Less</u> Current Portion of Other Account Receivable-Compensation | | | | |
| for Sugar Production and Distribution | (50,246,488.89) | (55,960,567.12) | (21,972,578.37) | (25,419,991.34) |
| Net | 88,853,723.32 | 139,041,591.52 | 60,905,447.84 | 82,748,715.26 |

On January 9, 2008, the Office of The Cane and Sugar Board issued the letter No. Or Gor 0602/Wor 72 informing the Cabinet resolution approving payment for compensation the difference between final and initial of cane price and sugar production and distribution compensation for the production season 2006/2007 to the Company and its subsidiary companies 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 to minutes of the Cane and Sugar Board' s meeting No. 3/2551 held on March 4, 2008, it resolved to made payment for compensation of sugar production and distribution as a factory credit and The Cane and Sugar Fund will gradually repays it out of collections from cane and sugar industry. In accordance to minutes of the Cane and Sugar Board' s meeting No. 4/2551 held on April 3, 2008, it approved the collection of stabilization function payment for the miller compensation for the period of 5 years. On September 7, 2009, 3 sugar millers associations issued the letter No. Sor Thor. 035/2552 asking the Cane and Sugar Fund to consider making the full payment of the compensation for Sugar Production and Distribution for the production season 2006/2007 to the sugar millers at the same time. However, the Cane and Sugar Fund has already announced to set off the stabilization function payment for the production season 2007/2008 and 2008/2009 at the amount equivalent to the outstanding amount divided by 5 years, which the Company and its subsidiary companies have set off the stabilization function payment for the said production with the other account receivable-compensation for sugar production and distribution, as at October 31, 2010 and 2009, in the consolidated financial statements at Baht 105.85 million and Baht 49.95 million respectively, and in the separate financial statements at Baht 49.89 million and Baht 24.60 million respectively, and reclassified the current portion of other account receivable-compensation for sugar production and distribution according to the outstanding stabilization function payment for the latest production season remains to be paid to the Office of The Cane and Sugar Fund.

(Unit : Baht)

| | Separate Financial Statements | | | | | | Total |
|---|-------------------------------|---------------------------|-------------------------|--------------------------------------|--------------------------------|------------------------|--------------------|
| | Land and Land Improvement | Building and Construction | Machinery and Equipment | Motor Vehicle and Labor Saving Tools | Furniture And Office Equipment | Assets in Construction | |
| Cost : | | | | | | | |
| As at October 31, 2009 | 297,276,975.63 | 832,928,736.02 | 2,508,466,146.75 | 354,595,941.74 | 66,835,172.58 | 7,706,622.75 | 4,067,809,595.47 |
| Purchase | 1,171,893.00 | - | 31,356,733.36 | 786,600.00 | 3,939,835.71 | 68,172,141.84 | 105,427,203.91 |
| Transfer in | - | 6,063,183.67 | 8,993,091.51 | - | 303,750.00 | - | 15,360,025.18 |
| Disposals/Written off | - | - | (11,878,491.31) | (31,093,277.45) | (8,299,018.23) | - | (51,270,786.99) |
| Transfer out | - | (303,750.00) | - | - | - | (15,056,275.18) | (15,360,025.18) |
| As at October 31, 2010 | 298,448,868.63 | 838,688,169.69 | 2,536,937,480.31 | 324,289,264.29 | 62,779,740.06 | 60,822,489.41 | 4,121,966,012.39 |
| Accumulated Depreciation : | | | | | | | |
| As at October 31, 2009 | (8,125,818.74) | (399,442,199.65) | (1,605,955,743.61) | (305,112,026.40) | (56,932,365.79) | - | (2,375,568,154.19) |
| Depreciation for the year | (1,357,300.05) | (14,062,599.91) | (94,489,889.01) | (21,542,302.94) | (4,352,011.46) | - | (135,804,103.37) |
| Disposals/Written off | - | - | 11,878,473.31 | 29,407,638.86 | 8,227,011.86 | - | 49,513,124.03 |
| As at October 31, 2010 | (9,483,118.79) | (413,504,799.56) | (1,688,567,159.31) | (297,246,690.48) | (53,057,365.39) | - | (2,461,859,133.53) |
| Differences on Revaluation of Assets : | | | | | | | |
| As at October 31, 2009 | 316,433,785.09 | 451,477,725.95 | 795,620,334.05 | - | - | - | 1,563,531,845.09 |
| Disposals/Written off | - | - | (4,115,617.64) | - | - | - | (4,115,617.64) |
| As at October 31, 2010 | 316,433,785.09 | 451,477,725.95 | 791,504,716.41 | - | - | - | 1,559,416,227.45 |
| Accumulated Depreciation- Differences on Revaluation of Assets : | | | | | | | |
| As at October 31, 2009 | - | (64,668,451.85) | (306,362,400.85) | - | - | - | (371,030,852.70) |
| Depreciation for the year | - | (12,151,823.51) | (62,800,394.41) | - | - | - | (74,952,217.92) |
| Disposals/Written off | - | - | 2,479,996.14 | - | - | - | 2,479,996.14 |
| As at October 31, 2010 | - | (76,820,275.36) | (366,682,799.12) | - | - | - | (443,503,074.48) |
| Allowance for Impairment on Assets : | | | | | | | |
| As at October 31, 2009 | (10,449,620.00) | (8,705,472.81) | (3,816,801.32) | - | - | - | (22,971,894.13) |
| As at October 31, 2010 | (10,449,620.00) | (8,705,472.81) | (3,816,801.32) | - | - | - | (22,971,894.13) |
| Net Book Value : | | | | | | | |
| As at October 31, 2009 | 595,135,321.98 | 811,590,337.66 | 1,387,951,535.02 | 49,483,915.34 | 9,902,806.79 | 7,706,622.75 | 2,861,770,539.54 |
| As at October 31, 2010 | 594,949,914.93 | 791,135,347.91 | 1,269,375,436.97 | 27,042,573.81 | 9,722,374.67 | 60,822,489.41 | 2,753,048,137.70 |
| Depreciation in the Statements of Income | | | | | | | |
| For the year ended October 31, 2009 | | | | | | | 148,215,697.55 |
| For the year ended October 31, 2010 | | | | | | | 134,903,432.01 |

Between the year 2010 and 2009, in the consolidated financial statements, the borrowing cost at Baht 58.33 million and Baht 53.67 million respectively incurred from the borrowing for the projects of 5 and 4 domestic subsidiary companies respectively and for the projects of 1 and 2 overseas subsidiary companies respectively. The said borrowing cost is included as the cost of assets in construction which included in the “assets purchased” item.

As at October 31, 2010 and 2009, in the consolidated financial statements, the Company and its subsidiary companies pledged land together with construction and machinery at the book value of Baht 956.05 million and Baht 929.75 million respectively, and as at October 31, 2009, in the separate financial statements at amount of Baht 97.60 million, as collaterals against short-term and long-term credit facilities with commercial banks as mentioned in the notes to the financial statements nos. 21, 26 and 36.5.

As at October 31, 2010 and 2009, in the consolidated financial statements, buildings and construction and building-in-construction of three overseas subsidiary companies at the book value of Baht 663.57 million and Baht 648.55 million respectively are located on the concession land. When the contractual term expires, the ownership of the buildings and construction and building-in-construction would belong to the lessor as mentioned in the notes to financial statements nos. 37.1 and 37.2.

As at October 31, 2010 and 2009, Cost of assets, in the consolidated financial statements, amount of Baht 579.29 million and Baht 555.43 million respectively, and in the separate financial statements, amount of Baht 276.75 million and Baht 239.14 million respectively, were fully depreciated but still in use.

As the Company and its subsidiary companies choose to account by cost method and when there is an increase in asset revaluation, only net value of increase book value would be recorded to related asset account along side with the Unrealized Gain (Loss) - difference on revaluation of assets, if the Company and its subsidiary companies choose to account for the differences on revaluation of assets through the statements of income, the detail of the effect is as follows: -

| | (Unit : Million Baht) | | | |
|--|--|-------------|--|-------------|
| | <u>Consolidated</u> | | <u>Separate</u> | |
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>For the Years Ended October 31,</u> | | <u>For the Years Ended October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Depreciation and Written Off recognised under Shareholders' Equity | 295.36 | 358.89 | 76.59 | 104.38 |
| <u>If the above Depreciation and Written Off recognised in the</u> | | | | |
| <u>statements of income, it would effect to:</u> | | | | |
| Profit for the year decreased by | 295.36 | 358.89 | 76.59 | 104.38 |
| Earnings per share decreased by (Unit : Baht) | 0.19 | 0.23 | 0.05 | 0.07 |

20. 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Land not used in Operation | 347,632,989.94 | 310,083,349.04 | 125,867,151.26 | 98,281,732.26 |
| Assets not used in Operation (Machine Supplies) | 15,795,661.28 | 19,932,244.36 | - | - |
| Total | 363,428,651.22 | 330,015,593.40 | 125,867,151.26 | 98,281,732.26 |
| <u>Less</u> Allowance for Accumulated Impairment | (1,506,900.00) | (1,506,900.00) | - | - |
| Net | 361,921,751.22 | 328,508,693.40 | 125,867,151.26 | 98,281,732.26 |

As at October 31, 2009, in the consolidated and separate financial statements, land not used in operation at book value of Baht 3.25 million, 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. 26 and 36.5. In the second quarter of 2010, the Company have already released the said guarantee obligation.

As at October 31, 2009, land not used in operation belonging to a subsidiary company at the amount of Baht 10.25 million, is being dispute in the court regarding the right to utilize the land. In July 2010, the case has been finalized, which the subsidiary company agreed to sell the said land and the adjacent area with the cost value of Baht 16.81 million at the selling price of Baht 27.01 million. On October 26, 2010, the subsidiary company has registered the ownership transfer for the adjudicated land and received the payment for the land and obtained the net gain from the land sale at Baht 9.09 million.

21. Overdrafts and Short-Term Loans from Financial Institutions

Consisted of :-

| | (Unit : Baht) | |
|-----------------|--|------------------|
| | <u>Consolidated Financial Statements</u> | |
| | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> |
| Bank Overdrafts | - | 247,085.85 |
| Promissory Note | 1,455,011,187.00 | 707,717,508.00 |
| Trust Receipt | 447,234,765.91 | 435,861,753.96 |
| Packing Credit | - | 130,355,542.21 |
| Total | 1,902,245,952.91 | 1,274,181,890.02 |

As at October 31, 2009, bank overdrafts carried interest rates at MOR per annum.

As at October 31, 2010 and 2009, loans in the form of promissory notes with the maturity period ranging from 1-6 months at Baht 722.21 million and Baht 392.52 million respectively, were covered by loan agreement of two overseas subsidiary companies with a commercial bank in Thailand in US Dollar currency carrying interest rates at LIBOR+2.00% per annum, the same rate for both years. The remaining amounts are loans in Baht currency and carrying interest rates at 1.65-3.50% per annum and 1.88-3.50% per annum respectively.

As at October 31, 2010 and 2009, trust receipts payable is borrowing in Baht currency and carried interest rates at 2.45-2.70% per annum and 2.25-2.50% per annum respectively.

Bank overdrafts, loans in the form of promissory notes and trust receipts payable are secured by land together with constructions, machinery and leasehold right of factory land location. There are inter-guarantees offered by the Company and its subsidiary companies and short-term loan of an overseas subsidiary company utilized the joint collaterals with the tenth to twelfth credit lines long-term loan as mentioned in the notes to financial statements no. 26.

As at October 31, 2009, packing credit payable is a loan agreement of a subsidiary company with three commercial banks for the benefit of the related company and the promissory note of a related company is used as collateral as mentioned in the notes to financial statements no. 6.1. The remaining loan has the following details :-

- The remaining principal balance at amounts of Baht 48.52 million, is principal from debt restructuring of the related company which is required to be repaid within the year 2015. The loan carried the interest rates at 6.50% per annum. 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. In the first quarter of 2010, the loan has already been repaid in full and the obligations have been released.
- The remaining principal balances at amounts of Baht 81.84 million, carried the interest rate at 5.25-5.75% per annum, for the period of 2-3 months, and guaranteed by the related company's goods. In the first quarter of 2010, the loan has already been repaid in full.

22. Bills of Exchange-Net

Consisted of :-

| | (Unit : Baht) |
|------------------------------|---|
| | <u>Consolidated Financial Statements/</u> <u>Separate Financial Statements</u> |
| | <u>As at October 31, 2009</u> |
| Par Value | 100,000,000.00 |
| <u>Less</u> Prepaid Interest | (322,841.02) |
| Net | 99,677,158.98 |

As at October 31, 2009, the Company issued unsecured bills of exchange to financial institutions due in 1-9 months with the discount rates at approximately 2.50% per annum.

23. Trade Accounts Payable

Consisted of :-

| | (Unit : Baht) | | | |
|----------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | <u>Consolidated</u> | | <u>Separate</u> | |
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>As at October 31,</u> | | <u>As at October 31,</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Related Companies | - | 487,503.31 | 27,993,508.85 | 31,994,296.68 |
| Outside parties | | | | |
| - Accounts Payable-Cane Purchase | 238,036,494.79 | 453,091,074.82 | 57,115,772.47 | 137,838,222.84 |
| - Other Trade Accounts Payable | 165,655,922.33 | 70,471,831.69 | 53,258,556.40 | 11,839,719.46 |
| Total | 403,692,417.12 | 524,050,409.82 | 138,367,837.72 | 181,672,238.98 |

As at October 31, 2010, the Company and three subsidiary companies purchased canes for the production season 2009/2010 using the announced initial cane price for the production season 2009/2010 in accordance with the minute of the Cane and Sugar Board's meeting No.10/2552 dated December 1, 2009. The price is Baht 965.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 57.90 per cane ton. Until the date the Company's board of directors approved the issuance of these financial statements, the Office of The Cane and Sugar Board has not yet announced a final cane price for the production season 2009/2010. Therefore, the Company and the subsidiary companies booked accounts payable-cane purchase and calculated cost of goods sold and inventories for the year ended October 31, 2010 in accordance with the cabinet resolution on December 7, 2010 at Baht 1,143.56-1,251.03 per cane tone with the average sweetness level at 10.63-11.77 c.c.s.

As at October 31, 2009, the Company and three subsidiary companies purchased canes for the production season 2008/2009 by using the announced initial cane price for the 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 the financial statements, the Office of The Cane and Sugar Board has not yet announced a final cane price for the production season 2008/2009. Therefore, the Company and the subsidiary companies booked accounts payable-cane purchase and calculate cost of goods sold and inventories for the years ended October 31, 2009 of a final cane price for the production season 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. In the second quarter of 2010, the Office of The Cane and Sugar Board has announced the final cane price for the production season 2008/2009 in the Royal Thai Government Gazette dated March 17, 2010 and there was no difference between the announced final cane price and the estimation made by the management of the Company and the subsidiary companies.

24. Short-Term Loans from Outside Person

As at October 31, 2010 and 2009, in the consolidated financial statements, the whole amount of short-term loan is loan from 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 in the both years.

25. Debentures-Net

The Company issued Thai Baht currency debentures which are holder specified, non-subordinated and unsecured bonds at par value of Baht 1,000 per unit to a limited number of investors, with the following details :-

(Unit : Baht)

| <u>Consolidated Financial Statements/Separate Financial Statements</u> | | | | | | | | | | |
|--|---------------|------------------|----------------------|------------------|---------------------|------------------|-------------------------|----------------|-------------------|--------------------|
| <u>As at October 31, 2010</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 | 67,104.99 | 999,932,895.01 | 1,001,352,710.00 | |
| 2 | KSL12NA | 5 years | November 20, 2012 | 5.44 | 500,000.00 | 500,000,000.00 | 749,824.16 | 499,250,175.84 | 524,865,605.00 | |
| 3 | KSL11NA | 3 years | November 18, 2011 | 5.40 | 780,000.00 | 780,000,000.00 | 692,252.11 | 779,307,747.89 | 803,905,845.60 | |
| 4 | KSL127A | 3 years | November 20, 2012 | 4.50 | 1,000,000.00 | 1,000,000,000.00 | 951,726.12 | 999,048,273.88 | 1,029,947,220.00 | |
| 5 | KSL139A | 3 years 6 months | September 3, 2013 | 3.35 | 1,000,000.00 | 1,000,000,000.00 | 1,321,225.05 | 998,678,774.95 | 1,009,891,910.00 | |
| 6 | KSL133A | 3 years | March 29, 2013 | 3.25 | 500,000.00 | 500,000,000.00 | 637,938.15 | 499,362,061.85 | 503,618,750.00 | |
| Total | | | | | | 4,780,000.00 | 4,780,000,000.00 | 4,420,070.58 | 4,775,579,929.42 | 4,873,582,040.60 |
| <u>Less</u> Current Portion of Debentures | | | | | | (1,000,000.00) | (1,000,000,000.00) | (67,104.99) | (999,932,895.01) | (1,001,352,710.00) |
| Debentures-Net | | | | | | 3,780,000.00 | 3,780,000,000.00 | 4,352,965.59 | 3,775,647,034.41 | 3,872,229,330.60 |

(Unit : Baht)

Consolidated Financial Statements/Separate Financial Statements

| <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 |

The debenture-net have the following movements for the year ended October 31, 2010 and 2009.

(Unit : Baht)

| | <u>Consolidated Financial Statements /</u> | |
|--|--|------------------|
| | <u>Separate Financial Statements</u> | |
| | <u>2010</u> | <u>2009</u> |
| Beginning Book Value-Net | 3,274,853,366.81 | 1,496,341,976.22 |
| Increase during the Year | 1,497,566,153.85 | 1,776,236,247.00 |
| Amortized debenture issuance expense during the Year | 3,160,408.76 | 2,275,143.59 |
| Ending Book Value-Net | 4,775,579,929.42 | 3,274,853,366.81 |

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. However, the debt to shareholder's equity ratio as at October 31 of each year shall be maintained at not more than 1.5 to 3 : 1 for the entire debentures terms.
- In the event the credit rating of the debenture is lower than the Company's credit rating at that time, the Company shall pledge additional assets as collateral for the shareholders or implement other methods to amend the debenture's credit rate to be at the same credit rating of the Company or better.

26. Long-Term Loans-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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| 1. Limit 500 Million Baht | 332,000,000.00 | 500,000,000.00 | 332,000,000.00 | 500,000,000.00 |
| 2. Limit 2,000 Million Baht | 1,043,000,000.00 | - | - | - |
| 3. Limit 1,000 Million Baht | 1,000,000,000.00 | - | - | - |
| 4. Limit 600 Million Baht | 310,000,000.00 | - | - | - |
| 5. Limit 140 Million Baht | 120,000,000.00 | - | - | - |
| 6. Limit 200 Million Baht | - | 160,000,000.00 | - | - |
| 7. Limit 80 Million Baht | 20,000,000.00 | 40,000,000.00 | - | - |
| 8. Limit 200 Million Baht | 146,000,000.00 | 99,960,000.00 | - | - |
| 9. Limit 800 Million Baht | 725,000,000.00 | 725,000,000.00 | - | - |
| 10. Limit 5 Million USD | 149,855,000.00 | 167,171,000.00 | - | - |
| 11. Limit 5 Million USD | 149,855,000.00 | 167,171,000.00 | - | - |
| 12. Limit 30 Million USD | 899,130,000.00 | 975,944,298.00 | - | - |
| Total | 4,894,840,000.00 | 2,835,246,298.00 | 332,000,000.00 | 500,000,000.00 |
| <u>Less</u> Current portion of long-term loans | (552,855,000.00) | (228,000,000.00) | (168,000,000.00) | (168,000,000.00) |
| Net | 4,341,985,000.00 | 2,607,246,298.00 | 164,000,000.00 | 332,000,000.00 |

Movements of long-term loans for the years ended October 31, 2010 and 2009 are as follows :-

| | (Unit : Baht) | | | |
|----------------------------------|--|------------------|--------------------------------------|----------------|
| | <u>Consolidated Financial Statements</u> | | <u>Separate Financial Statements</u> | |
| | <u>2010</u> | | <u>2009</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Beginning Book Value Balance | 2,835,246,298.00 | 1,131,747,000.00 | 500,000,000.00 | - |
| Increase in the Year | 2,563,316,510.00 | 2,083,904,298.00 | - | 500,000,000.00 |
| Repayment in the Year | (368,000,000.00) | (365,000,000.00) | (168,000,000.00) | - |
| Currency Translation Differences | (135,722,808.00) | (15,405,000.00) | - | - |
| Ending Book Value Balance | 4,894,840,000.00 | 2,835,246,298.00 | 332,000,000.00 | 500,000,000.00 |

In the consolidated and separate financial statements, as at October 31, 2010 and 2009, the Company and its subsidiary companies obtained loans from commercial banks, which the first to ninth credit lines had due payment of interest at the end of every month and carried interest rates at MLR-2.00% to MLR-0.75% per annum. The tenth to twelfth credit lines had due payment of interest every three months and carried the interest rate at LIBOR+2% per annum. The credit facilities obtained have the important covenants as follows :-

| <u>No.</u> | <u>Limit</u> | <u>Term of Payment</u> |
|------------|--------------------|---|
| 1 | Baht 500 Million | - Repayment of principal at every six-month period for the total of 6 installment, the first installment to be paid in January 2010. The payment for the 1 st -5 th installment at Baht 84.00 million each and the 6 th installment repayment of Baht 80.00 million. |
| 2 | Baht 2,000 Million | - Repayment of principal at every six-month period for the total of 10 installment at Baht 200.00 million each, and the grace period of two years , commencing the first installment in December 2011. |
| 3 | Baht 1,000 Million | - Repayment of principal at every six-month period for the total of 10 installment at Baht 100.00 million each, and the grace period of two years , commencing the first installment in March 2012. |
| 4 | Baht 600 Million | - Repayment of principal at every six-month period for the total of 10 installment at Baht 60.00 million each, and the grace period of two years, commencing the first installment in July 2012. |
| 5 | Baht 140 Million | - Repayment of principal at every six-month period for the total of 7 installment at Baht 20.00 million each, commencing the first installment in June 2010. |
| 6 | Baht 200 Million | - 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. |
| 7 | Baht 80 Million | - Repayment of principal at every six-month period for the total of 8 installments at Baht 10.00 million each, commencing the first installment in January 2008. |
| 8 | Baht 200 Million | - Repayment of principal at every three-month period for the total of 20 installment at Baht 10.00 million each, and the grace period of two years, commencing the first installment in January 2012. |
| 9 | Baht 800 Million | - 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. |

| <u>No.</u> | <u>Limit</u> | <u>Term of Payment</u> |
|------------|----------------|--|
| 10 | USD 5 Million | - 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, commencing the first installment in March 2011. |
| 11 | USD 5 Million | - 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, commencing the first installment in March 2011. |
| 12 | USD 30 Million | - Repayment of principal at every six-month period for the total of 10 installments at USD 3.00 million and the grace period of two years, commencing the first installment in June 2011. |

As at October 31, 2009, the first long-term loan was secured by the land not used in operation as specified in the notes to financial statements no. 20. In the second quarter of 2010, the Company has released all of the guarantee obligation for the said land.

As at October 31, 2010, the second to fourth long-term loans were secured by the Company. For the third and fourth long-term loan, the subsidiary company shall insure against casualty and risk for the subsidiary company's constructions, machines and inventories including transferring beneficial right of the said insurance claim to the lenders.

As at October 31, 2010 and 2009, the fifth to eighth long-term loans were secured by the mortgage of land together with constructions, machines and leasehold rights on land for factory building of subsidiary companies as specified in the notes to financial statements no. 19 including transferring beneficial right of insurance claim on collateralized assets to the lenders. Two subsidiary companies also offered their guarantee.

As at October 31, 2010 and 2009, the ninth long-term loan was secured by pledge of machines. The Company and the shareholders of the subsidiary companies also pledged their own guarantees.

As at October 31, 2010 and 2009, the tenth to twelfth long-term loans were secured by the Company, subsidiary companies, the shareholders of the subsidiary companies and related persons with the shareholder of the subsidiary company and share certificates of a related company which held by shareholders of the subsidiary company. In the third quarter of 2010, the guarantee obligation for the former shareholder and the related person with the former shareholder in subsidiary companies has been released because of the change in the subsidiary companies' shareholders structure.

In addition, the Company and its subsidiary companies have to abide to some financial conditions, for example, maintaining of debt-to-equity ratio, the shareholding ratio in subsidiary companies, Debt Service Coverage Ratio (DSCR), restriction on additional long-term debt creation, increase of the registered share capital and restriction on dividend payment, etc.

27. Share Capital

Consisted of :-

| | Registered Share (Number of Thousand Shares) | Par Value (Baht) | Registered Share Capital (Thousand Baht) | Issued and Paid Up Share Capital (Thousand Baht) |
|--|---|---------------------|---|--|
| As at November 1, 2008 | 1,705,000 | 1.00 | 1,705,000 | 1,550,000 |
| Registered Share Capital Decreased During the Year | (155,000) | 1.00 | (155,000) | - |
| As at October 31, 2009 | 1,550,000 | 1.00 | 1,550,000 | 1,550,000 |
| Registered Share Capital Increased During the Year | 320,000 | 1.00 | 320,000 | - |
| As at October 31, 2010 | 1,870,000 | 1.00 | 1,870,000 | 1,550,000 |

27.1 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 ("Warrant") 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 million unissued shares of the registered share capital at par value of Baht 1.00 each totaling Baht 155.00 million 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.

27.2 In accordance with the minutes of the annual general shareholders' meeting No.1/2553 held on February 26, 2010, the following resolutions were made:-

- Approved the increase of the registered share capital from formerly Baht 1,550.00 million to Baht 1,870.00 million by issuance of 320 million new ordinary shares at the par value of Baht 1.00 each totaling Baht 320.00 million and amending the Company's memorandum of association to correspond with the increase of the registered share capital. The Company has already registered the resolved increase share capital with the Ministry of Commerce on March 24, 2010.

- Approve the issuance and offer for sales of the warrant at 170 million units. The warrant not more than 155 million units are offered to the current shareholders of the Company at the ratio of 10 current ordinary shares to 1 unit of Warrant at the offering price of Baht 0.00 per unit and not more than 15 million units are offered to the general investors whom purchased the above increase capital ordinary shares at the ratio of 10 current ordinary shares to 1 unit of Warrant at the offering price of Baht 0.00 per unit. The exercise ratio is 1 unit of warrant per 1 ordinary share at the exercise price of Baht 10.00 per share. The Warrant can first be exercised on March 15, 2011 and the last exercise date is March 15, 2013 with the term of 3 years from the issuing date. The entire warrants still exist at present.
- Approve to allocate the said capital increased ordinary shares by allocating 150 million shares to issued and offer for sales to the general investors and 170 million shares to support the conversion of the Company's 170 million units of warrant. The board of executives is authorized to determine the selling price of the capital increased ordinary shares to the general investors after considering the weighted average of the Company's market price for 7-15 working days prior to the date to sell the said shares to the general investors. In the event the board of executives determined the selling price of the capital increased ordinary shares at lower than the market price, the said selling price can be discounted at not more than 5% of the market price with the consideration of the book building and the trading situation of the Stock Exchange of Thailand at that time.

28. Dividend Paid and Legal Reserve

| Dividend Paid and Legal Reserve | Approved by | Number of shares | Dividend Paid | Dividend Paid | Dividend Date |
|---|--|-------------------------|---------------|-----------------------|----------------|
| | | (Unit : Million shares) | Per share | (Unit : Million Baht) | |
| - Dividend paid from the Company's operation result from November 1, 2008 to October 31, 2009 | Annual general meeting of shareholders No.1/2553 held on February 26, 2010 | 1.55 | 0.15 | 232.50 | March 25, 2010 |
| - Dividend paid from the Company's operation result from November 1, 2007 to October 31, 2008 and appropriate profit to legal reserve at Baht 18.50 million | Annual general meeting of shareholders No.1/2552 held on February 27, 2009 | 1.55 | 0.22 | 341.00 | March 27, 2009 |

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 for the year 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 2010, the Company appropriated Baht 4.80 million of the profit for the year 2010 as legal reserve.

29. Capital Management

The primary objectives of the Company and its subsidiary companies' 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.

30. Executives' Remuneration

Executives' remuneration included the compensation paid to the directors of the Company and its subsidiary companies in accordance to Section 90 of Public Company Act which not include salaries and related benefits paid to the executive directors of the Company and its subsidiary companies are as follows :-

| | (Unit : Million Baht) | | | |
|---------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | <u>Consolidated</u> | | <u>Separate</u> | |
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| For the years ended October 31, | 15.43 | 13.36 | 8.17 | 7.54 |

31. Penalty from Sugar Future Contracts

In 2010, the Company and its subsidiary companies have settled their sugar future contracts because they could not deliver the goods under the contractual terms. The Company and its subsidiary companies agreed to pay the differences of the contractual price and the price that the counter-parties could purchase from other sources, in the consolidated and separate financial statements, at the amount of Baht 111.96 million and Baht 19.24 million respectively.

32. 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Salaries, Wages and Other Employee Benefits | 697,453,841.60 | 663,941,008.22 | 224,431,799.72 | 222,803,861.68 |
| Depreciation | 392,547,551.33 | 390,964,657.33 | 134,903,432.01 | 148,215,697.55 |
| Fuel Costs | 191,070,119.39 | 154,463,823.01 | 117,052,213.65 | 98,602,208.56 |
| Fee Payable to the Office of The Cane and Sugar Fund | 781,848,623.38 | 745,655,265.55 | 308,331,080.76 | 379,425,631.71 |
| Maintenance Expenses | 296,529,037.64 | 341,613,795.98 | 131,330,466.93 | 210,742,677.21 |
| Transportation Expenses | 290,852,640.49 | 298,155,352.50 | 127,938,202.89 | 170,087,370.96 |
| Raw Material and Supplies Used | 7,322,171,456.45 | 6,615,746,818.25 | 2,510,417,934.42 | 2,321,447,094.57 |
| Purchased Finished Goods | 230,147,969.20 | 384,810,552.91 | 1,497,716,397.73 | 928,290,954.86 |
| Changes in Finished Goods and Work In Process | (128,098,719.99) | 62,836,489.41 | 45,988,731.74 | 210,208,643.81 |
| Executives' Remuneration | 124,750,447.25 | 113,642,162.00 | 28,587,600.00 | 26,875,980.00 |
| Penalty from Sugar Future Contracts | 111,963,929.65 | - | 19,236,704.00 | - |
| Loss from Investment in Derivative Instruments | 881,960,043.04 | 6,205,768.81 | 391,123,258.23 | 2,790,715.43 |
| Interest Expenses | 338,420,953.96 | 241,917,623.74 | 229,762,038.93 | 171,808,041.66 |
| Other Financial Expenses | 4,112,512.23 | 3,817,963.03 | 3,532,024.04 | 2,593,148.59 |
| Other Operating Expenses | 656,560,981.16 | 665,415,654.53 | 147,104,124.00 | 138,373,651.65 |
| Total | 12,192,291,386.78 | 10,689,186,935.27 | 5,917,456,009.05 | 5,032,265,678.24 |

33. Income tax

For the years 2010 and 2009, 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, less the income exempted from including in the taxable income of which the majority are dividend income at Baht 108.55 million and Baht 138.71 million respectively and reversal of the allowance for impairment of investment for the year 2010 at Baht 38.36 million. The said income tax rate is in accordance with the Royal Decree no. 387 (B.E. 2544) dated August 28, 2001.

The income tax of its subsidiary company which listed in the Stock Exchange of Thailand, for the years 2010 and 2009 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 allowances and non-tax allowable expenses for tax calculation purpose, and less the income exempted from including in the taxable income. The said income tax rate is in accordance with the Royal Decree no. 475 (B.E. 2551) dated August 6, 2008.

The 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 allowances and the non-tax allowable expenses for the tax calculation purpose, and less the income which are exempted from including in the taxable income.

The income taxes of four foreign subsidiary companies are calculated at the rate of 3-20% of the profit for the year which have not been granted investment promotion under the law of each country.

34. Earning per Share

The calculations of basic earnings per share were based on dividing the profit for the year attributable to equity holders of the Company and the number of weighted average ordinary shares held by outside persons during the year.

The diluted earnings per share is calculated by adjusting the number of weighted average ordinary shares held by outside shareholders during the year by the number of dilutive potential ordinary shares, on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares. For the year ended October 31, 2010, the Company's dilutive potential ordinary shares is the stock option provided to the existing shareholders. The detail is as follows: -

| <u>Consolidated Financial Statements</u> | | |
|--|--------------------------|-------------------|
| For the year Ended October 31, 2010 | | |
| Profit for the Year | Number of Shares | Earning Per Share |
| <u>(Thousand Baht)</u> | <u>(Thousand Shares)</u> | <u>(Baht)</u> |
| <u>Basic Earning per Share</u> | | |
| Profit for the year available to ordinary shareholders | 158,699 | 1,550,000 |
| | | <u>0.102</u> |
| <u>Effect of diluted equivalent ordinary shares</u> | | |
| Warrants | - | 15,595 |
| <u>Diluted Earning per Share</u> | | |
| Profit available to ordinary shareholders by assuming warrant conversion to ordinary shares | 158,699 | 1,565,595 |
| | | <u>0.101</u> |
| <u>Separate Financial Statements</u> | | |
| For the year Ended October 31, 2010 | | |
| Profit for the Year | Number of Shares | Earning Per Share |
| <u>(Thousand Baht)</u> | <u>(Thousand Shares)</u> | <u>(Baht)</u> |
| <u>Basic Earning per Share</u> | | |
| Profit for the year available to ordinary shareholders | 95,840 | 1,550,000 |
| | | <u>0.062</u> |
| <u>Effect of diluted equivalent ordinary shares</u> | | |
| Warrants | - | 15,595 |
| <u>Diluted Earning per Share</u> | | |
| Profit available to ordinary shareholders by assuming warrant conversion to ordinary shares | 95,840 | 1,565,595 |
| | | <u>0.061</u> |

35. Disclosure of Sectoral Business Operations

Details of the sectoral business operation of Group companies are as follows:-

Consolidated Financial Statements

For the years ended October 31, 2010 and 2009

(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 | | | | | | |
|---|--|-------|---|----------|-------------------------------------|----------|--------------------|------|-------------|-------|----------|-------|--------------------|-------|----------|-------|---------|---------|---------|---------|--------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | | | | | |
| | Thailand | Laos | Cambodia | Thailand | Laos | Cambodia | Thailand | Laos | Thailand | Laos | Thailand | Laos | Thailand | Laos | Thailand | Laos | | | | | |
| Net Revenue from Operation -Domestic | 5,528 | - | - | 4,265 | - | - | 663 | 905 | 566 | 542 | 136 | 190 | 190 | 1,185 | 1,632 | 91 | (3,034) | (1,270) | 6,351 | 5,908 | |
| Net Revenue from Operation -Foreign | 5,509 | 33 | 248 | 5,972 | - | - | - | - | - | - | - | - | 28 | 61 | (98) | (270) | (770) | (270) | 5,720 | 5,763 | |
| Total | 11,037 | 33 | 248 | 10,237 | - | - | 663 | 905 | 566 | 542 | 136 | 190 | 190 | 1,185 | 1,660 | 152 | (3,132) | (1,540) | 12,071 | 11,671 | |
| Profit (Loss) from Operation | 2,693 | (36) | (84) | 2,528 | - | 15 | 152 | 232 | 215 | 213 | 129 | 246 | 246 | 143 | 169 | 85 | (574) | (250) | 3,196 | 3,238 | |
| Selling and Administrative Expenses | | | | | | | | | | | | | | | | | | | (2,659) | (1,660) | |
| Financial Cost | | | | | | | | | | | | | | | | | | | (342) | (246) | |
| Income Tax | | | | | | | | | | | | | | | | | | | (118) | (357) | |
| Profit for the Year | | | | | | | | | | | | | | | | | | | 77 | 975 | |
| Plus (Less) Loss (Profit) for the Year of Minority Shareholders | | | | | | | | | | | | | | | | | | | 82 | (55) | |
| Profit for the Year of the Company | | | | | | | | | | | | | | | | | | | 159 | 920 | |
| As at October 31, | | | | | | | | | | | | | | | | | | | | | |
| Trade Accounts Receivable - Net | 297 | - | - | 444 | - | - | 50 | 41 | 75 | 50 | 19 | 34 | 34 | 105 | 107 | 202 | 67 | (199) | (143) | 549 | 600 |
| Inventories-Net | 915 | 27 | 45 | 1,013 | 32 | 73 | 140 | 55 | - | - | - | - | - | 244 | 464 | 225 | 42 | - | - | 1,596 | 1,679 |
| Property, Plant and Equipment-Net | 9,437 | 884 | 1,094 | 8,052 | 934 | 1,291 | 940 | 774 | 3,366 | 2,030 | 1,091 | 1,374 | 1,374 | 437 | 478 | 874 | 285 | (113) | (109) | 18,010 | 15,109 |
| Central Assets | 3,629 | 268 | 744 | 3,119 | 177 | 648 | 32 | 57 | 54 | 67 | 60 | 75 | 75 | 31 | 29 | 282 | 533 | (2,102) | (1,675) | 2,998 | 3,030 |
| Total Assets | 14,278 | 1,179 | 1,883 | 12,628 | 1,143 | 2,012 | 1,162 | 927 | 3,495 | 2,147 | 1,170 | 1,483 | 1,483 | 817 | 1,078 | 1,583 | 927 | (2,414) | (1,927) | 23,153 | 20,418 |

36. Obligations and Contingent Liabilities

As at October 31, 2010 and 2009, apart from liabilities reflected in the financial statements, the Company and its subsidiary companies have obligations and contingent liabilities as follows:-

36.1 The Company and its subsidiary companies have obligations relating to agreements to sell goods but not yet delivered as in the consolidated financial statements for the amounts of Baht 2,012.00 million and Baht 1,378.35 million respectively, and as in the separate financial statements for the amounts of Baht 1,428.71 million and Baht 971.79 million respectively.

36.2 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| For the production season 2009/2010 | 17.61 | 67.41 | 17.61 | 67.41 |
| For the production season 2010/2011 | 599.19 | 295.95 | 140.70 | 23.37 |

36.3 A subsidiary company entered into two electricity sale-purchase agreements with the Electricity Generating Authority of Thailand (EGAT) as follows: -

- Agreement dated February 21, 2005: EGAT agrees to buy electricity from the subsidiary company at Namphong District, Khonkaen Province for the period of 21 years commencing from the first month of electricity selling (December 2006) at the volume of 20 Megawatt at the voltage of 115 Kilovolts. For the second year until the year before last, EGAT agrees to buy electricity at not less than 80% of the electricity volume stipulated in the agreement.
- Agreement dated January 12, 2010: EGAT agrees to buy electricity at the volume of 22 Megawatt at the voltage of 115 Kilovolts at Bo Ploy District, Kanchanaburi Province at the mutually-agreed price as stipulated in the agreement for the period of 5 years commencing from October 1, 2011. Prior to the expiration of the contractual term, the subsidiary company shall inform EGAT for the extension of the contractual term in writing at not less than 30 days prior to the expiry date of the agreement and the agreement shall be extended for the contractual term of 5 years at a time. The subsidiary company has pledged the letter of guarantee at the amount of Baht 4.40 million as collateral for the offer to sale the electricity. Furthermore, on October 20, 2010, the subsidiary company entered into additional amendment to the agreement to temporary sell the electricity to EGAT at the volume of 8 Megawatt at the voltage of 22 Kilovolts from November 25, 2010 to September 30, 2011.

36.4 A subsidiary company was granted the electricity generating business concession from the Ministry of Energy (the Concession Granter) on July 1, 2005 in the area of 43 Moo 10, Namphong Sub-District, Namphong District, Khonkaen Province for the period of 21 years. The important conditions are as follows: -

- Once the concession period expired or terminated, the Concession Granter have the option to purchase the entire electricity generating business from the subsidiary company at the price determine by the committee approved by the cabinet and the Concession Granter shall inform the subsidiary company in writing at least six months prior to the expiration date of the concession and within three months from the rescind date of the concession.
- Once the concession period expired, Metropolitan Electricity Authority, Provincial Electricity Authority, municipal government or sanitation district have the intention to operate the subsidiary company's electricity generating business, they can purchase the assets of the electricity generating business at the price determine by the committee approved by the cabinet. However, if the said government sectors do not wish to purchase the electricity generating business and the subsidiary company have the intention to continue the operation, the Concession Granter may consider the appropriateness in extending the concession term.

In case the subsidiary company does not agree as mentioned above, the subsidiary company shall demolish all the constructions constructed or installed in public area and renovate to their original conditions within six months after this concession is expired.

36.5 Commitment and contingent liabilities with financial institutions are as follows: -

(Unit : Million)

| | <u>Consolidated Financial Statements</u> | | | | | | |
|---|--|--------------------|------------------|-------------------------------|-----------------|------------------|----------|
| | <u>As at October 31, 2010</u> | | | <u>As at October 31, 2009</u> | | | |
| | | <u>Credit Line</u> | | <u>Credit Line</u> | | | |
| <u>Currency</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 | - | 86.75 | - | - | 79.26 | - |
| Note Acceptance | Baht | 30.00 | - | 30.00 | 30.00 | - | 30.00 |
| Letter of Credit and Trust Receipt | Baht | 2,934.00 | 1,017.66 | 1,916.34 | 3,234.00 | 1,059.18 | 2,174.82 |
| Letter of Credit | USD | 21.88 | 11.88 | 10.00 | 11.00 | - | 11.00 |
| * Overdraft and Short-Term Loans | Baht | 11,336.00 | 632.80 | 10,703.20 | 8,456.00 | 397.04 | 8,058.96 |
| Short-Term Loans | USD | 23.00 | 20.00 | 3.00 | 23.00 | 11.74 | 11.26 |
| Long-Term Loans | Baht | 2,800.00 | 1,508.00 | 1,292.00 | 3,800.00 | 155.00 | 3,645.00 |
| Long-Term Loans | USD | - | - | - | 30.00 | 29.19 | 0.81 |
| Joint credit line in the Letter of Credit and | | | | | | | |
| Long-Term Loans | Baht | 260.00 | 146.00 | 114.00 | 260.00 | 166.74 | 93.26 |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | Baht | - | 4,441.11 | - | - | 1,209.44 | - |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | USD | - | 133.68 | - | - | 82.40 | - |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | YEN | - | - | - | - | 300.00 | - |

(Unit : Million)

| <u>Separate Financial Statements</u> | | | | | | | |
|---|-----------------|--------------------------|-----------------|-------------------------------|--------------------------|-----------------|------------------|
| <u>As at October 31, 2010</u> | | | | <u>As at October 31, 2009</u> | | | |
| | | <u>Credit Line</u> | | <u>Credit Line</u> | | | |
| | <u>Currency</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 | - | 2.86 | - | - | 1.33 | - |
| Letter of Credit | Baht | 30.00 | - | 30.00 | 30.00 | - | 30.00 |
| Letter of Credit | USD | - | - | - | 1.00 | - | 1.00 |
| * Overdraft and Short-Term Loans | Baht | 3,858.00 | - | 3,858.00 | 3,058.00 | - | 3,058.00 |
| Short-Term Loans | USD | 3.00 | - | 3.00 | 3.00 | - | 3.00 |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | Baht | - | 4,441.11 | - | - | 1,209.44 | - |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | USD | - | 63.68 | - | - | 31.47 | - |
| Contract to Guarantee of Debt Repayment of Subsidiary | | | | | | | |
| Company for all Liabilities to be occurred | YEN | - | - | - | - | 300.00 | - |

- * As at October 31, 2010 and 2009, Short-term loan with the credit line of Baht 1,130.00 million and Baht 1,000.00 million respectively, are credit facility received from a financial institution which the credit facility utilization is jointly granted to 5 subsidiary companies. For the current period, the credit facility is unutilized.
- * As at October 31, 2010, Short-term loan with the credit line of USD 5.0 million is credit facility received from a financial institution which the credit facility utilization is jointly granted to 2 overseas subsidiary companies and has already utilized USD 4.10 million equivalent to Baht 123.81 million.

Part of the above credit facilities are secured by land together with construction, machinery, the subsidiary company's leasehold right 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 its subsidiary companies, in addition to the shareholders of the subsidiary companies and related persons with the shareholder of the subsidiary company 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 drawback is made, the Company and its subsidiary companies have to additionally pledge parts of their inventories as collaterals. In the third quarter of 2010, the guarantee obligation for the former shareholder and the related person with the former shareholder in subsidiary companies has been released because of the change in the subsidiary companies' shareholders structure.

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 debt service coverage ratio, limitation in creating additional long-term debt, increase of the registered share capital and limitation in dividend payment, etc.

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

(Unit : Million)

| | <u>Consolidated Financial Statements</u> | | | | |
|---|--|-------------------------------|---|-------------------------------|---|
| | <u>Currency</u> | <u>As at October 31, 2010</u> | | <u>As at October 31, 2009</u> | |
| | | <u>Contractual Amount</u> | <u>Outstanding Contractual Obligation</u> | <u>Contractual Amount</u> | <u>Outstanding Contractual Obligation</u> |
| Construction and Subcontract Agreements | Baht | 512.76 | 108.01 | 1,226.28 | 315.94 |
| | USD | - | - | 51.05 | 3.76 |
| Machine and Equipment Purchase Agreements | Baht | 607.54 | 327.19 | 500.05 | 235.80 |
| | USD | 17.63 | 2.42 | 41.51 | 13.60 |
| | YEN | 3,190.00 | 1,650.00 | 3,202.00 | 2,462.00 |
| | EURO | 1.18 | 0.89 | - | - |
| Land Development Agreements | USD | 11.25 | 4.86 | 11.25 | 4.87 |

37. Other Significant Information

- 37.1 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 for the subsidiary company's office, factory unit, road and area for cane plantation with 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, 2010 and 2009, the subsidiary company has already utilized the area of 5,053.61 hectares and 3,247.13 hectares respectively, at the rental rate of USD 6 per hectare per annum.
- 37.2 Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. (subsidiary companies) have enter into the Memorandum of Understanding (MOU) with the government of Kingdom of Cambodia on August 2, 2006 in order to build a sugar mill factory and receive concession land for cane plantation in Koh Kong Province, Kingdom of Cambodia with total area of 20,000 hectares covering period of 90 years and the rental price has a grace period of the first 4 years, afterwards, the rate of rental price of USD 1-4 per hectare per annum. As at October 31, 2010 and 2009, the subsidiary companies have already utilized the area of 10,481 hectares and 9,909 hectares respectively.

37.3 A subsidiary company in the Kingdom of Cambodia entered into two long-term land lease agreements with an outside person to build port and land awaiting development dated May 21, 2007 and June 1, 2007 respectively. The contractual term is 90 years for both agreements. The subsidiary company has already paid the entire advance lease fee at USD 476,953. As at October 31, 2010, the remaining amount of the advance lease fee paid is USD 463,466.

38. Financial Instruments

Policy to Manage Financial Risks

The Company and its subsidiary companies possess risks regarding to the change of market interest rate, market currency exchange rate, rates of the related goods' price changing 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

Risk on interest rates is derived from the fluctuation of the market interest rate in the future, which will affect upon the Company and its subsidiary companies' operating results and cash flows. However, the Group Companies manage 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 with the majority of details as follows :-

(Unit : Baht)

| | <u>Consolidated Financial Statements</u> | | | |
|---|--|--------------------------------|------------------|-------------------|
| | As at October 31, 2010 | | | |
| | Fixed Interest Rate | | Floating | |
| | Within 1 year | More than 1 year to 5 years | Interest Rate | Total |
| Financial Assets | | | | |
| Savings Accounts Deposits | - | - | 144,728,385.47 | 144,728,385.47 |
| Fixed Accounts Deposits | 5,729,256.51 | - | - | 5,729,256.51 |
| Short-Term Loans to Farmers | 454,336,000.00 | - | - | 454,336,000.00 |
| Other Long-Term Investments | 751,158.74 | 17,997,649.62 | - | 18,748,808.36 |
| Loans for Cane Plantation Development | 38,430,270.38 | 181,569,180.48 | 21,650,800.00 | 241,650,250.86 |
| Total | 499,246,685.63 | 199,566,830.10 | 166,379,185.47 | 865,192,701.20 |
| Financial Liabilities | | | | |
| Overdrafts and Short-Term Loans from Financial Institutions | - | - | 1,902,245,952.91 | 1,902,245,952.91 |
| Short-Term Loan from Outside Person | 5,000,000.00 | - | - | 5,000,000.00 |
| Debentures-Net | 999,932,895.01 | 3,775,647,034.41 | - | 4,775,579,929.42 |
| Long-Term Loans | - | - | 4,894,840,000.00 | 4,894,840,000.00 |
| Total | 1,004,932,895.01 | 3,775,647,034.41 | 6,797,085,952.91 | 11,577,665,882.33 |

(Unit : Baht)

| <u>Consolidated Financial Statements</u> | | | | |
|--|----------------------------|-------------------|------------------|------------------|
| As at October 31, 2009 | | | | |
| | <u>Fixed interest rate</u> | | Floating | Total |
| | Within | More than | interest rate | |
| | 1 year | 1 year to 5 years | | |
| <u>Financial Assets</u> | | | | |
| Savings Accounts Deposits | - | - | 181,826,315.76 | 181,826,315.76 |
| Fixed Accounts Deposits | 5,729,002.52 | - | - | 5,729,002.52 |
| Temporary Investments-Net | - | - | 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 to Related Companies | - | - | 130,355,542.21 | 130,355,542.21 |
| Long-Term Loans to Related Individual | - | 160,484,160.00 | - | 160,484,160.00 |
| Short-Term Loans to 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 |
| <u>Financial Liabilities</u> | | | | |
| Short-Term Loans from Financial Institutions | - | - | 1,274,181,890.02 | 1,274,181,890.02 |
| Bills of Exchange-Net | 99,677,158.98 | - | - | 99,677,158.98 |
| Short-Term Loans from Outside Person | 68,000,000.00 | - | - | 68,000,000.00 |
| Debentures-Net | - | 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 |

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, 2010 and 2009, the Company and its subsidiary companies possessed assets and liabilities in foreign currencies over which the contract to hedge against risk of exchange rates has not been conducted as follows :-

(Unit : Million)

| | <u>Consolidated Financial Statements</u> | | | | <u>Separate Financial Statements</u> | | | |
|-----------------|--|--------------------|---------------|--------------------|--------------------------------------|--------------------|---------------|--------------------|
| | <u>As at October 31,</u> | | | | <u>As at October 31,</u> | | | |
| | <u>2010</u> | | <u>2009</u> | | <u>2010</u> | | <u>2009</u> | |
| <u>Currency</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 | - | 9.49 | 19.35 | 55.66 | - | - | 0.64 | 1.81 |
| YEN | - | 802.09 | - | - | - | - | - | - |
| RIEL | 944.54 | 161.89 | 30.54 | 73.13 | - | - | - | - |

As at October 31, 2010 and 2009, in the consolidated and separate financial statements, the Company and its subsidiary companies conducted foreign 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 assets and liabilities in the financial statements. The due date of the foreign forward contracts already committed has outstanding period of not greater than 6 months with the following details :-

| | <u>Contracted Amount</u> | | | | <u>Resulted Amount Earned under Contract</u> | | | | |
|-----------------|-----------------------------|-------------|-----------------------------|-------------|--|-------------|-----------------------------|-------------|-------------|
| | <u>Consolidated</u> | | <u>Separate</u> | | <u>Consolidated</u> | | <u>Separate</u> | | |
| | <u>Financial Statements</u> | | <u>Financial Statements</u> | | <u>Financial Statements</u> | | <u>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>Currency</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> | <u>Currency</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| USD Million | 10.90 | 15.33 | 1.00 | - | Baht Million | 345.28 | 535.44 | 30.08 | - |
| YEN Million | 400.00 | 300.00 | - | - | Baht Million | 139.54 | 106.83 | - | - |

Net fair values of financial derivatives at the balance sheets date are 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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Net fair values of foreign forward contracts | 0.20 | 0.21 | 0.06 | - |

Risk on the Fluctuation of Sugar and Cane Prices

Since the cane and sugar industry in Thailand is an industry under the control and supervision of the government sector by the Cane and Sugar Board under the Cane and Sugar Act B.E. 2527 with the following restrictions: -

1. The quota system on the allocation on sugar distribution channels is as follow: -
 - 1.1 Quota A for the sugar produced for the domestic consumption,
 - 1.2 Quota B for the raw sugar determined by the Cane and Sugar Board for the sugar mill factories to produce and delivery to Thailand Cane and Sugar Corporation (TCSC) for distribution. These will be used as a base to set the standard price of raw sugar exported to calculate the income of the system,
 - 1.3 Quota C for the sugar that the sugar mill factories produced for international sales or for the raw material for the production of goods to be export overseas.

2. The allocation of net income of the system between the cane farmers and the sugar mill factories under the benefit sharing, where the cane farmers receive 70% of the income which consisted of the cane price and the sugar mill factories receive 30% which consisted of the return on production. The net income of the cane and sugar system is calculated by using the income from the domestic sugar distribution (Quota A) and income from the international sales (Quota B and Quota C: using the average price of the sugar in Quota B and the exchange rate of the actual sale made by TCSC as the base for income calculation for the international sales) less the expenses of the Cane and Sugar Industry. Currently, the ratio of the exported sugar comparing to the domestic sales sugar is approximately 70:30.

From the said system, it is found that the selling price of sugar under Quota B and the exchange rate of the actual sale made by TCSC have great effect on the cane price which is the major cost of the sugar production. To manage risk on the fluctuation of the gross profit for the production season 2009/2010, the Company has utilized the risk management process as follow: -

1. Entered into Commodity Swap Contracts with the contractual periods range from approximately 8-12 months from May 2009 to April 2010.
2. Entered into Option Contracts (Call and Put option) where the buyers can only exercise on the expiration date of the contracts (European Option), with the contractual period of approximately 4 months from November 2009 to February 2010.

The consideration on the risk management on the raw sugar and white sugar prices would be considered by mainly using the information used in preparation of TCSC's cane price determination and the estimate of the production made by the production department of the sugar mill factories together with the basic information of the world sugar price related to the consumption needs and the anticipated production volume, including the related financial information. The risk prevention would refer to the price of the raw sugar NY#11 and the price of the white sugar LD#5.

For the years ended October 31, 2010 and 2009, the price of sugar is constantly increasing; therefore, the Company and the subsidiary companies has incurred the liabilities and loss from the settlement of the financial derivative contracts which has already been accounted for in the financial statements as follow: -

| | (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>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Liabilities from Investment in Derivative Instruments | - | 6.21 | - | 2.79 |
| Loss from Investment in Derivative Instruments | | | | |
| - For the years ended | 881.96 | 6.21 | 391.12 | 2.79 |

Net fair values of outstanding financial derivatives at the balance sheets date are as follows :-

| | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | As at October 31, | | As at October 31, | |
| | 2010 | 2009 | 2010 | 2009 |
| | USD Million | USD Million | USD Million | USD Million |
| Net fair values-Long-Short for Commodity Swap Contract | (0.45) | (13.58) | (0.45) | (9.63) |
| Net fair values-Short for Option Contract (Call) | - | (0.60) | - | (0.27) |

The fair value of the Commodity Swap and Option contracts is calculated by using the raw sugar and white sugar from The Exchange and Bloomberg at the balance sheet date as though the Group companies have settled the said contracts on the balance sheet date.

Credit Risk

The Company and its subsidiary companies have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans to farmers, loans to related persons and related companies and other accounts receivable. However, since the Company and its subsidiary companies always has conservative policy in granting sound credit provision and carefully considered the appropriated allowance for doubtful debts; thus, it believes that the risk which the debtors will not repay is minimal.

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 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. 25.

39. 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. For the years ended October 31, 2010 and 2009, in the consolidated financial statements, the Company and its subsidiary companies contributed in amounts of Baht 6.72 million and Baht 6.43 million respectively, and in the separate financial statements, the Company contributed in amounts of Baht 2.29 million and Baht 2.16 million respectively.

40. Subsequent Event after the End of Accounting Period

In accordance with the minute of the shareholders' meeting no. 1/2553 held on December 7, 2010 of Koh Kong Plantation Co., Ltd. (which the Company hold shares indirectly via Wynn In Trading Co., Ltd. at 70%), it resolved to decrease the registered share capital from formerly USD 16 million to the new registered share capital of USD 8 million to reduce the deficit and it also resolved to increase the registered share capital by USD 12 million to be used as the working capital and loan repayment; therefore, the registered share capital has been increased from USD 8 million to USD 20 million. The subsidiary company is in the process of registering the said reduction and increment of the registered share capital.

41. Approval of Financial Statements

These financial statements have been approved for issuance by the Company's board of directors on December 24, 2010.
