

**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED**

We have audited the consolidated statements of financial position of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries and the separate statements of financial position of Khon Kaen Sugar Industry Public Company Limited as at October 31, 2012 and 2011 (restated), and the related consolidated and separate statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits. We have not audited the financial statements of 3 foreign subsidiaries and 6 local subsidiaries which are included in these consolidated financial statements for the years ended October 31, 2012 and 2011. The financial statements of those subsidiaries presented total assets as at October 31, 2012 of Baht 7,321.04 million or equivalent to 24.72% of consolidated total assets (2011: Baht 6,963.89 million or equivalent to 29.23% of restated consolidated total assets), total revenues for the year ended October 31, 2012 of Baht 3,737.93 million or equivalent to 16.83% of consolidated total revenues (2011: Baht 2,985.73 million or equivalent to 18.14% of consolidated total revenues), and total net loss for the year ended October 31, 2012 of Baht 322.03 million or equivalent to 13.02% of consolidated net profit (2011: total net profit of Baht 14.31 million or equivalent to 0.70% of consolidated net profit). Those subsidiaries' financial statements have been audited by other auditors and we have obtained their reports. Our report where related to the amounts of various items of those subsidiaries which were included in the consolidated financial statements were based on the reports of those other auditors. In addition, the consolidated and separate statements of financial position as at November 1, 2010, presented herein for comparison, are obtained from the consolidated and separate statements of financial position as at October 31, 2010 which are a part of the consolidated and separate financial statements for the year ended October 31, 2010 audited by another auditor whose audit report thereon dated December 24, 2010, expressed an unqualified opinion on those statements, which (1) was based on the reports of the auditors who audited 3 foreign subsidiaries included in the consolidated financial statements and (2) included an emphasis of a matter paragraph relating to the change in the accounting policy for inventory calculation method for molasses.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits together with the reports of other auditors referred to in the first paragraph provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors referred to in the first paragraph, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Khon Kaen Sugar Industry Public Company Limited and its subsidiaries and of Khon Kaen Sugar Industry Public Company Limited as at October 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying our opinion, as discussed in Notes 4.9, 5 and 15 to the financial statements, for the year ended October 31, 2012, the Company and its subsidiaries have changed their accounting policy for buildings and construction, machineries and equipment, and motor vehicles and labor saving tools from revaluation method to cost method because the Company's management believe that the new policy is more practical for current situation and operations of the Company and its subsidiaries. The consolidated and separate financial statements for the year ended October 31, 2011 and the consolidated and separate statements of financial position as at November 1, 2010, presented herein for comparison, have been retrospectively adjusted for the effect of the change to be in accordance with the new accounting policy. We have audited the relevant adjustments and in our opinion, such adjustments are appropriate.

As discussed in Note 3 to the financial statements, since November 1, 2011, the Company and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions for the first time and complied with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554", which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in the preparation and presentation of these financial statements. The consolidated and separate financial statements for the year ended October 31, 2011, and the consolidated and separate statements of financial position as at November 1, 2010, presented herein for comparison, are prepared and presented in the new format to conform to the consolidated and separate financial statements for the year ended October 31, 2012. We have audited the adjustments and reclassifications and in our opinion, such adjustments and reclassifications are appropriate.

**BANGKOK**  
December 25, 2012

Wimolporn Boonyusthian  
Certified Public Accountant (Thailand)  
Registration No. 4067  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT OCTOBER 31, 2012 AND 2011 AND NOVEMBER 1, 2010

UNIT : BAHT

	Notes	Consolidated Financial Statements			Separate Financial Statements		
			(Restated)	(Restated)		(Restated)	(Restated)
		As at October 31, 2012	As at October 31, 2011	As at November 1, 2010	As at October 31, 2012	As at October 31, 2011	As at November 1, 2010
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	6.2	289,455,141	280,925,967	203,223,776	21,505,761	42,731,615	13,513,698
Temporary investments		274,141	21,045	5,729,257	-	-	5,708,477
Trade and other receivables	7.1 and 8	1,197,958,666	1,153,410,059	820,361,695	736,340,230	760,227,296	454,708,024
Short-term loans	7.1 and 9	909,372,863	835,896,028	499,982,870	1,485,603,600	1,596,640,136	1,516,548,101
Inventories	10	3,492,965,533	3,267,209,322	1,842,844,174	807,855,418	1,072,663,865	568,565,895
Other current assets	7.1	144,167,184	131,027,104	167,077,732	24,462,538	12,381,978	27,353,150
Total Current Assets		<u>6,034,193,528</u>	<u>5,668,489,525</u>	<u>3,539,219,504</u>	<u>3,075,767,547</u>	<u>3,484,644,890</u>	<u>2,586,397,345</u>
<b>NON-CURRENT ASSETS</b>							
Investments in an associate	11	37,299,021	45,819,241	55,149,827	73,800,000	73,800,000	73,800,000
Investments in subsidiaries	11	-	-	-	5,695,233,766	5,232,839,666	5,028,423,945
Other long-term investments		16,824,859	17,099,096	24,491,020	6,574,122	6,592,377	9,880,065
Long-term loans	12	398,950,457	360,392,027	196,003,380	14,736,400	22,953,600	14,434,200
Deferred cane plantation costs	13	569,984,304	724,488,699	831,654,408	59,431,222	40,790,482	73,369,351
Investment property	14	625,709,639	277,711,673	283,721,537	285,162,889	143,477,086	148,208,731
Property, plant and equipment	15	21,424,187,363	16,081,623,886	14,845,632,467	4,277,149,946	1,820,108,296	1,812,794,906
Intangible assets		17,405,190	9,612,285	6,581,082	4,290,749	1,244,246	990,246
Other non-current assets	16	492,536,120	635,114,583	635,765,750	42,683,875	115,453,436	186,920,222
Total Non-Current Assets		<u>23,582,896,953</u>	<u>18,151,861,490</u>	<u>16,878,999,471</u>	<u>10,459,062,969</u>	<u>7,457,259,189</u>	<u>7,348,821,666</u>
<b>TOTAL ASSETS</b>		<u>29,617,090,481</u>	<u>23,820,351,015</u>	<u>20,418,218,975</u>	<u>13,534,830,516</u>	<u>10,941,904,079</u>	<u>9,935,219,011</u>

Notes to the financial statements form an integral part of these statements

## KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT OCTOBER 31, 2012 AND 2011 AND NOVEMBER 1, 2010

UNIT : BAHT

	Notes	Consolidated Financial Statements			Separate Financial Statements		
			(Restated)	(Restated)		(Restated)	(Restated)
		As at October 31, 2012	As at October 31, 2011	As at November 1, 2010	As at October 31, 2012	As at October 31, 2011	As at November 1, 2010
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Short-term borrowings from financial institutions	17	5,896,934,719	3,184,081,340	1,902,245,953	595,172,337	-	-
Trade and other payables	7.1 and 18	2,798,532,011	1,844,548,827	1,441,216,092	953,618,232	758,230,756	411,879,249
Current portion of long-term debentures	19	1,999,490,841	1,779,559,701	999,932,895	1,999,490,841	1,779,559,701	999,932,895
Current portion of long-term borrowings	20	1,125,418,400	1,124,349,600	552,855,000	201,800,000	164,000,000	168,000,000
Short-term borrowings	7.1	-	-	5,000,000	1,441,500,000	982,500,000	450,000,000
Current income tax payable		349,066,018	474,083,363	47,062,202	199,548,060	265,691,795	-
Other current liabilities	7.1	153,415,413	188,735,240	139,667,014	12,563,306	22,876,265	20,235,685
Total Current Liabilities		<u>12,322,857,402</u>	<u>8,595,358,071</u>	<u>5,087,979,156</u>	<u>5,403,692,776</u>	<u>3,972,858,517</u>	<u>2,050,047,829</u>
<b>NON-CURRENT LIABILITIES</b>							
Long-term debentures	19	1,498,092,581	1,998,418,248	3,775,647,034	1,498,092,581	1,998,418,248	3,775,647,034
Long-term borrowings	20	3,502,481,200	3,999,054,900	4,341,985,000	909,000,000	-	164,000,000
Employee benefit obligations	21	175,547,579	-	-	69,673,895	-	-
Other non-current liabilities	7.1	85,979,710	13,021,425	12,997,272	75,050,043	10,495,579	10,079,484
Total Non-Current Liabilities		<u>5,262,101,070</u>	<u>6,010,494,573</u>	<u>8,130,629,306</u>	<u>2,551,816,519</u>	<u>2,008,913,827</u>	<u>3,949,726,518</u>
<b>TOTAL LIABILITIES</b>		<u>17,584,958,472</u>	<u>14,605,852,644</u>	<u>13,218,608,462</u>	<u>7,955,509,295</u>	<u>5,981,772,344</u>	<u>5,999,774,347</u>
<b>SHAREHOLDERS' EQUITY</b>							
<b>SHARE CAPITAL</b>							
Authorized share capital							
1,870,000,000 ordinary shares of Baht 1.00 each		<u>1,870,000,000</u>	<u>1,870,000,000</u>	<u>1,870,000,000</u>	<u>1,870,000,000</u>	<u>1,870,000,000</u>	<u>1,870,000,000</u>
Issued and paid-up share capital							
1,575,768,083 ordinary shares of Baht 1.00 each, fully paid		1,575,768,083			1,575,768,083		
1,551,065,175 ordinary shares of Baht 1.00 each, fully paid			1,551,065,175			1,551,065,175	
1,550,000,000 ordinary shares of Baht 1.00 each, fully paid				1,550,000,000			1,550,000,000
SHARE PREMIUM ACCOUNT - ORDINARY SHARES		1,786,529,990	1,564,203,818	1,554,617,243	1,786,529,990	1,564,203,818	1,554,617,243
<b>RETAINED EARNINGS</b>							
Appropriated							
Legal reserve	23	187,000,000	187,000,000	167,420,000	187,000,000	187,000,000	167,420,000
Unappropriated		5,492,937,235	4,069,295,677	2,307,483,905	1,500,645,137	1,341,428,957	344,703,097
<b>OTHER COMPONENTS OF EQUITY</b>		<u>1,236,807,992</u>	<u>301,111,843</u>	<u>287,749,731</u>	<u>529,378,011</u>	<u>316,433,785</u>	<u>318,704,324</u>
<b>TOTAL OWNERS OF THE PARENT</b>		<u>10,279,043,300</u>	<u>7,672,676,513</u>	<u>5,867,270,879</u>	<u>5,579,321,221</u>	<u>4,960,131,735</u>	<u>3,935,444,664</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>1,753,088,709</u>	<u>1,541,821,858</u>	<u>1,332,339,634</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>12,032,132,009</u>	<u>9,214,498,371</u>	<u>7,199,610,513</u>	<u>5,579,321,221</u>	<u>4,960,131,735</u>	<u>3,935,444,664</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>29,617,090,481</u>	<u>23,820,351,015</u>	<u>20,418,218,975</u>	<u>13,534,830,516</u>	<u>10,941,904,079</u>	<u>9,935,219,011</u>

Notes to the financial statements form an integral part of these statements

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

	Notes	Consolidated		Separate	
		Financial Statements		Financial Statements	
		2012	2011	2012	2011
REVENUES FROM SALES AND SERVICES	7.2				
Revenues from sales		21,876,303,933	16,282,815,764	7,529,473,341	6,976,818,445
Revenues from services		335,996,755	176,984,828	-	-
Total Revenues		<u>22,212,300,688</u>	<u>16,459,800,592</u>	<u>7,529,473,341</u>	<u>6,976,818,445</u>
COSTS OF THE SALES OF GOODS AND					
THE RENDERING OF SERVICES	7.2				
Cost of the sales of goods		(16,318,659,684)	(11,503,373,932)	(5,652,544,000)	(4,995,310,410)
Cost of the rendering of services		(160,063,810)	(93,014,533)	-	-
Total Costs		<u>(16,478,723,494)</u>	<u>(11,596,388,465)</u>	<u>(5,652,544,000)</u>	<u>(4,995,310,410)</u>
Gross profit		5,733,577,194	4,863,412,127	1,876,929,341	1,981,508,035
Other incomes	7.2	492,645,660	312,635,265	630,088,346	386,118,371
Selling expenses	7.2	(1,599,574,519)	(1,153,810,219)	(714,614,550)	(513,846,993)
Administrative expenses	7.2	(701,052,272)	(621,722,960)	(189,236,779)	(143,187,298)
Management benefit expenses	24	(162,742,902)	(143,200,816)	(36,833,337)	(32,027,804)
Finance costs	7.2	(556,321,158)	(465,251,570)	(245,484,660)	(212,799,754)
Share of loss of investments in an associate		(8,292,720)	(9,168,086)	-	-
Profit before income tax expenses		<u>3,198,239,283</u>	<u>2,782,893,741</u>	<u>1,320,848,361</u>	<u>1,465,764,557</u>
Income tax expenses	25	(725,527,995)	(750,693,650)	(309,685,761)	(340,958,795)
<b>PROFIT FOR THE YEAR</b>		<u><u>2,472,711,288</u></u>	<u><u>2,032,200,091</u></u>	<u><u>1,011,162,600</u></u>	<u><u>1,124,805,762</u></u>
<b>PROFIT ATTRIBUTABLE TO:</b>					
Owners of the parent		2,354,264,138	1,889,891,674	1,011,162,600	1,124,805,762
Non-controlling interests		118,447,150	142,308,417	-	-
		<u><u>2,472,711,288</u></u>	<u><u>2,032,200,091</u></u>	<u><u>1,011,162,600</u></u>	<u><u>1,124,805,762</u></u>
<b>EARNINGS PER SHARE</b>	28				
Basic earnings per share		BAHT 1.498	1.219	0.644	0.726
Diluted earnings per share		BAHT 1.469	1.200	0.631	0.714
Basic number of ordinary shares		SHARES 1,571,195,835	1,550,324,675	1,571,195,835	1,550,324,675
Dilutive number of ordinary shares		SHARES 1,602,214,623	1,574,392,256	1,602,214,623	1,574,392,256

Notes to the financial statements form an integral part of these statements

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
<b>Profit for the year</b>	2,472,711,288	2,032,200,091	1,011,162,600	1,124,805,762
<b>Other comprehensive income (expense):</b>				
Exchange differences on translating financial statements	4,975,892	23,599,202	-	-
Gain (loss) on remeasuring available-for-sale investments	505,000	(2,593,845)	-	(2,270,539)
Gains on asset revaluation	1,106,820,832	-	213,240,942	-
Actuarial gains on defined employee benefit plans	10,404,258	-	4,996,585	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>3,595,417,270</u>	<u>2,053,205,448</u>	<u>1,229,400,127</u>	<u>1,122,535,223</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>				
Owners of the parent	3,300,126,391	1,903,253,786	1,229,400,127	1,122,535,223
Non-controlling interests	295,290,879	149,951,662	-	-
	<u>3,595,417,270</u>	<u>2,053,205,448</u>	<u>1,229,400,127</u>	<u>1,122,535,223</u>

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

Notes	Owners of the parent										Non-controlling interests	Total shareholders' equity	
	Issued and paid-up share capital	Share premium account Ordinary shares	Retained Earnings		Other components of equity								Total owners of the parent
			Appropriated Legal reserve	Unappropriated	Other comprehensive income (expense)			Losses on internal restructure of entities under common control	Losses on change in shareholding ratio in subsidiaries	Total other components of equity			
					Exchange differences on translating financial statements	Gain (loss) on reemeasuring available-for-sale investments	Gain (loss) on asset revaluation						
<b>For the year ended October 31, 2011 (restated)</b>													
Beginning balance as at November 1, 2010 as previously presented	1,550,000,000	1,554,617,243	167,420,000	2,284,104,512	(82,038,949)	1,844,391	3,024,329,981	(264,043,132)	(25,205,318)	2,654,886,973	8,211,028,728	1,723,091,356	9,934,120,084
Effects of change in accounting policy													
- Gain on asset revaluation	5	-	-	23,379,393	-	-	(2,367,137,242)	-	-	(2,367,137,242)	(2,343,757,849)	(390,751,722)	(2,734,509,571)
Beginning balance as at November 1, 2010 after adjusted	1,550,000,000	1,554,617,243	167,420,000	2,307,483,905	(82,038,949)	1,844,391	657,192,739	(264,043,132)	(25,205,318)	287,749,731	5,867,270,879	1,332,339,634	7,199,610,513
Changes in shareholders' equity during the year													
- Increase in ordinary shares	22	1,065,175	9,586,575	-	-	-	-	-	-	-	10,651,750	-	10,651,750
- Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	107,150,040	107,150,040
- Dividends paid	23	-	-	(108,499,902)	-	-	-	-	-	-	(108,499,902)	(47,619,478)	(156,119,380)
- Legal reserve		-	-	19,580,000	(19,580,000)	-	-	-	-	-	-	-	-
- Total comprehensive income (expense) for the year		-	-	1,889,891,674	15,709,663	(2,347,551)	-	-	-	13,362,112	1,903,253,786	149,951,662	2,053,205,448
<b>Ending balance as at October 31, 2011</b>		<b>1,551,065,175</b>	<b>1,564,203,818</b>	<b>187,000,000</b>	<b>4,069,295,677</b>	<b>(66,329,286)</b>	<b>657,192,739</b>	<b>(264,043,132)</b>	<b>(25,205,318)</b>	<b>301,111,843</b>	<b>7,672,676,513</b>	<b>1,541,821,858</b>	<b>9,214,498,371</b>

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**  
**FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011**

UNIT : BAHT

Notes	Owners of the parent										Non-controlling interests	Total shareholders' equity		
	Issued and paid-up share capital	Share premium account Ordinary shares	Retained Earnings		Other components of equity					Total owners of the parent				
Appropriated			Unappropriated	Other comprehensive income (expense)			Losses on internal restructure of entities under common control	Losses on change in shareholding ratio in subsidiaries	Total other components of equity					
Legal reserve	Exchange differences on translating financial statements	Gain (loss) on reemeasuring available-for-sale investments	Gain (loss) on asset revaluation	Total										
<b>For the year ended October 31, 2012</b>														
Beginning balance as at November 1, 2011														
as previously presented	1,551,065,175	1,564,203,818	187,000,000	4,069,295,677	-66,329,286	-503,160	2,747,184,126	-264,043,132	-25,205,318	2,391,103,230	9,762,667,900	1,888,799,813	11,651,467,713	
Effects of the changes in accounting policy and adoption of new Thai Accounting Standards														
- Employee benefit obligations	3.2	-	-	-154,266,629	-	-	-	-	-	-	-154,266,629	-24,411,301	-178,677,930	
- Investment property	3.3	-	-	-	-	-	-49,298,096	-	-	-49,298,096	-49,298,096	-157,662,843	-206,960,939	
- Gain on asset revaluation	5	-	-	-	-	-	-2,040,693,291	-	-	-2,040,693,291	-2,040,693,291	-189,315,112	-2,230,008,403	
Beginning balance as at November 1, 2011 after adjusted		1,551,065,175	1,564,203,818	187,000,000	3,915,029,048	-66,329,286	-503,160	657,192,739	-264,043,132	-25,205,318	301,111,843	7,518,409,884	1,517,410,557	9,035,820,441
Changes in shareholders' equity during the year														
- Increase in ordinary shares	22	24,702,908	222,326,172	-	-	-	-	-	-	-	247,029,080	-	247,029,080	
- Increase in non-controlling interests		-	-	-	-	-	-	-	-	-	-	1,460,868	1,460,868	
- Dividends paid	23	-	-	-	-786,522,055	-	-	-	-	-	-786,522,055	-61,073,595	-847,595,650	
- Transfer to profit or loss from sales of assets		-	-	-	296,716	-	-296,716	-	-	-296,716	-	-	-	
- Total comprehensive income (expense) for the year		-	-	-	2,364,133,526	3,485,605	120,291	932,386,969	-	-	935,992,865	295,290,879	3,595,417,270	
<b>Ending balance as at October 31, 2012</b>		<b>1,575,768,083</b>	<b>1,786,529,990</b>	<b>187,000,000</b>	<b>5,492,937,235</b>	<b>-62,843,681</b>	<b>-382,869</b>	<b>1,589,282,992</b>	<b>-264,043,132</b>	<b>-25,205,318</b>	<b>1,236,807,992</b>	<b>10,279,043,300</b>	<b>1,753,088,709</b>	<b>12,032,132,009</b>

Notes to the financial statements form an integral part of these statements



KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

Notes	Issued and paid-up share capital	Share premium account Ordinary shares	Retained Earnings		Other components of equity			Total shareholders' equity	
			Appropriated Legal reserve	Unappropriated	Other comprehensive income (expense)		Total other components of equity		
					Gain (loss) on remerasuring available-for-sale investments	Gain (loss) on asset revaluation			
<b>For the year ended October 31, 2011 (restated)</b>									
	Beginning balance as at November 1, 2010 as previously presented	1,550,000,000	1,554,617,243	167,420,000	336,277,984	2,270,539	1,115,913,153	1,118,183,692	4,726,498,919
	Effects of the changes in accounting policy								
	- Gain on asset revaluation	5	-	-	8,425,113	-	-799,479,368	-799,479,368	-791,054,255
	Beginning balance as at November 1, 2010 after adjusted	1,550,000,000	1,554,617,243	167,420,000	344,703,097	2,270,539	316,433,785	318,704,324	3,935,444,664
	Changes in shareholders' equity during the year								
	- Increase in ordinary shares	22	1,065,175	9,586,575	-	-	-	-	10,651,750
	- Dividends paid	23	-	-	-108,499,902	-	-	-	-108,499,902
	- Legal reserve		-	-	19,580,000	-19,580,000	-	-	-
	- Total comprehensive income (expense) for the year		-	-	-	1,124,805,762	(2,270,539)	-2,270,539	1,122,535,223
	<b>Ending balance as at October 31, 2011</b>	<u>1,551,065,175</u>	<u>1,564,203,818</u>	<u>187,000,000</u>	<u>1,341,428,957</u>	<u>-</u>	<u>316,433,785</u>	<u>316,433,785</u>	<u>4,960,131,735</u>

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

	Notes	Issued and paid-up share capital	Share premium account Ordinary shares	Retained Earnings		Other components of equity			Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	Other comprehensive		Total other components of equity	
						income (expense)			
						Gain (loss) on remerasuring available-for-sale investments	Gain (loss) on asset revaluation		
<b>For the year ended October 31, 2012</b>									
Beginning balance as at November 1, 2011 as previously presented		1,551,065,175	1,564,203,818	187,000,000	1,341,428,957	-	1,006,488,842	1,006,488,842	5,650,186,792
Effects of the changes in accounting policy and adoption of new Thai Accounting Standards									
- Employee benefit	3.2	-	-	-	-70,717,666	-	-	-	-70,717,666
- Gain on asset revaluation	5	-	-	-	-	-	-690,055,057	-690,055,057	-690,055,057
Beginning balance as at November 1, 2011 after adjusted		1,551,065,175	1,564,203,818	187,000,000	1,270,711,291	-	316,433,785	316,433,785	4,889,414,069
Changes in shareholders' equity during the year									
- Increase in ordinary shares	22	24,702,908	222,326,172	-	-	-	-	-	247,029,080
- Dividends paid	23	-	-	-	-786,522,055	-	-	-	-786,522,055
- Transfer to profit or loss from sales of assets		-	-	-	296,716	-	-296,716	-296,716	-
- Total comprehensive income (expense) for the year		-	-	-	1,016,159,185	-	213,240,942	213,240,942	1,229,400,127
<b>Ending balance as at October 31, 2012</b>		<u>1,575,768,083</u>	<u>1,786,529,990</u>	<u>187,000,000</u>	<u>1,500,645,137</u>	<u>-</u>	<u>529,378,011</u>	<u>529,378,011</u>	<u>5,579,321,221</u>

Notes to the financial statements form an integral part of these statements

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

	Consolidated Financial Statements		Separate Financial Statements	
	2012	(Restated) 2011	2012	(Restated) 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expenses	3,198,239,283	2,782,893,741	1,320,848,361	1,465,764,557
Adjustments for:				
Dividend income	(227,500)	(162,500)	(401,362,625)	(216,514,972)
Doubtful accounts - trade and farmer accounts receivable and loans for cane plantation development (Reversal)	8,957,963	(8,542,530)	11,785,018	5,161,892
Share of loss of investments in an associate	8,292,720	9,330,586	-	-
Amortization of premium on bonds	140,805	62,963	18,255	17,619
Employee benefit expenses	15,160,577	-	5,486,977	-
Loss on damaged cane and adjustment to decrease the cane plantation costs	107,073,112	96,579,670	-	18,016,722
Loss from diminution in value of inventories	94,919,301	70,732,478	17,712,526	8,386,995
Depreciation and amortization	833,294,666	645,253,477	210,188,754	179,891,264
Gain on disposal and write off of assets	(35,588,709)	(14,358,716)	(24,033,113)	(9,309,315)
Loss on impairment of property, plant and equipment (Reversal)	9,123,410	-	(1,548,620)	-
Reversal of loss on impairment of investments in subsidiaries	-	-	-	(51,429,043)
Gain on sales of other long-term investments	-	(2,425,144)	-	(2,425,144)
Unrealized (gain) loss on exchange rates	(9,098,624)	595,416	2,310,294	621,674
Interest expenses	548,735,481	462,853,550	243,115,680	210,401,734
Other finance costs	2,300,473	2,398,020	2,300,473	2,398,020
	<u>4,781,322,958</u>	<u>4,045,211,011</u>	<u>1,386,821,980</u>	<u>1,610,982,003</u>
Operating assets (increase) decrease				
Trade and other receivables	(98,611,927)	(190,014,836)	172,396,275	(103,697,463)
Inventories	(185,142,651)	(1,491,601,178)	247,095,921	(512,484,965)
Other current assets	(11,659,387)	(59,666,266)	(12,080,559)	(45,397,748)
Deferred cane plantation costs	121,368,130	125,909,319	(15,383,513)	16,281,445
Other non-current assets	(58,317,976)	(194,325,146)	15,280,824	(17,024,081)
Operating liabilities increase (decrease)				
Trade and other payables	552,884,612	705,186,444	(77,561,274)	359,667,800
Other current liabilities	(35,319,828)	49,068,227	(10,312,957)	2,640,580
Employee benefit obligations	(7,886,670)	-	(1,534,163)	-
Other non-current liabilities	72,958,285	24,154	64,554,464	416,095
Cash received from operating activities	<u>5,131,595,546</u>	<u>2,989,791,729</u>	<u>1,769,276,998</u>	<u>1,311,383,666</u>
Interest paid	(569,022,616)	(628,221,108)	(252,048,227)	(232,688,587)
Income tax expense paid	<u>(851,799,529)</u>	<u>(323,672,489)</u>	<u>(375,829,496)</u>	<u>(75,267,000)</u>
Net cash provided by operating activities	<u>3,710,773,401</u>	<u>2,037,898,132</u>	<u>1,141,399,275</u>	<u>1,003,428,079</u>

KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

UNIT : BAHT

	Consolidated Financial Statements		Separate Financial Statements	
	2012	(Restated) 2011	2012	(Restated) 2011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash received from sales of temporary investments	-	5,708,212	-	5,708,477
Increase in short-term loans	(19,408,710)	(273,947,967)	(339,624,716)	(60,924,783)
Increase in long-term loans	(98,082,932)	(231,287,518)	(8,465,348)	(27,686,652)
Cash payments for investments in subsidiaries	-	-	(9,231,700)	(152,986,678)
Cash payments for purchases of other long-term investments	(5,354,664)	(263,256)	-	-
Cash received from redemption and sales of other long-term investments	5,740,000	8,174,675	-	3,424,675
Cash received from dividends of subsidiaries and other companies	227,500	162,500	225,605,157	108,257,486
Cash payments for purchases of property, plant and equipment	(4,249,096,696)	(1,386,857,741)	(2,208,989,109)	(237,021,364)
Cash received from sales of property, plant and equipment	59,528,062	98,653,448	35,164,851	140,514,807
Cash payments for purchases of investment property	(102,298,345)	-	-	-
Cash payments for purchases of intangible assets	(9,033,280)	-	(3,417,430)	-
Cash payments for purchases of assets not yet used in operation	(18,934,163)	(6,873,500)	-	-
Cash received from sales of assets not yet used in operation	21,228,940	-	-	-
Net cash used in investing activities	<u>(4,415,484,288)</u>	<u>(1,786,531,147)</u>	<u>(2,308,958,295)</u>	<u>(220,714,032)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in short-term borrowings from financial institutions	3,070,358,034	1,281,835,387	598,161,643	-
Increase (decrease) in short-term borrowings	-	(5,000,000)	459,000,000	532,500,000
Cash payment for payables on purchases of assets	(982,964,153)	(603,503,644)	(35,440,502)	(20,147,977)
Proceeds from long-term debentures	1,497,305,000	-	1,497,305,000	-
Cash payment to long-term debentures	(1,780,000,000)	(1,000,000,000)	(1,780,000,000)	(1,000,000,000)
Proceeds from long-term borrowings	1,576,200,000	957,000,000	1,112,300,000	-
Cash payment for long-term borrowings	(2,072,618,400)	(756,343,500)	(165,500,000)	(168,000,000)
Proceeds from increase in capital	247,029,080	10,651,750	247,029,080	10,651,750
Cash payment of dividends for the parent company's shareholders	1,460,869	107,150,040	-	-
Cash payment of dividends for the parent	(786,522,055)	(108,499,903)	(786,522,055)	(108,499,903)
Cash paid to non-controlling interests	(61,073,595)	(47,619,478)	-	-
Net cash provided by (used in) financing activities	<u>709,174,780</u>	<u>(164,329,348)</u>	<u>1,146,333,166</u>	<u>(753,496,130)</u>
Exchange differences on translation of cash of foreign subsidiaries	4,065,281	(9,335,446)	-	-
Net increase (decrease) in cash and cash equivalents	8,529,174	77,702,191	(21,225,854)	29,217,917
Cash and cash equivalents at the beginning of the year	280,925,967	203,223,776	42,731,615	13,513,698
Cash and cash equivalents at the end of the year	<u>289,455,141</u>	<u>280,925,967</u>	<u>21,505,761</u>	<u>42,731,615</u>

Notes to the financial statements form an integral part of these statements

**KHON KAEN SUGAR INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011**

**1. GENERAL INFORMATION AND THE COMPANY'S OPERATIONS**

Khon Kaen Sugar Industry Public Company Limited (the "Company") was registered as a limited company under the Civil and Commercial Code with the registration number 1163/2519 on October 6, 1976 and was registered as a limited public company on March 18, 2004 with the registration number Bor Mor Jor 0107547000214 and was listed with the Stock Exchange of Thailand on March 7, 2005. Its registered headquarter is located at No. 503 K.S.L. Tower, 9<sup>th</sup> Floor, Sriyudahya Road, Ratchathewi, Bangkok, and its factory is located at No. 43 Moo 10, Tambol Namphong, Amphur Namphong, Khonkaen Province. The Company's main businesses are to manufacture and distribute sugar and molasses, and the subsidiaries' main business operations are listed in Note 2.2.

The Company's major shareholder is K.S.L. Sugar Holding Co., Ltd., a company incorporated in Thailand, which holds 32.26% of issued and paid-up shares capital.

**2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The Company and its subsidiaries in Thailand maintain their accounting records in Thai Baht and prepare their statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards issued by the Federation of Accounting Professions and practices generally accepted in Thailand.

The financial statements of the foreign subsidiaries are translated into Thai Baht for preparation of the consolidated financial statements (see Note 4.23).

2.1 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2009) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2011 onwards, and the regulation of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statement B.E. 2554" dated September 28, 2011. The consolidated and separate financial statements for the year ended October 31, 2011, presented herein for comparison, are presented in the new format to conform to the presentation of the consolidated and separate financial statements for the year ended October 31, 2012.

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies.

2.2 These consolidated financial statements included the accounts of the Company and its subsidiaries (“the Group”). Significant transactions and balances between the Company and its subsidiaries have been eliminated. The structure of the group companies as at October 31, 2012 and 2011, is as follows:

Company Name	Percentage of Shareholding		Country of Incorporation	Type of Business		
	2012 %	2011 %				
Subsidiaries in which the Company holds shares directly and indirectly						
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 building on land for sales and rental		
New Krung Thai Sugar Factory Company Limited	95.78	95.78	Thailand	Manufacture and distribution of sugar and molasses		
Tamaka Sugar Industry Company Limited	90.21	90.21	Thailand	Manufacture and distribution of sugar and molasses		
New Kwang Soon Lee Sugar Factory Company Limited	98.61	98.61	Thailand	Manufacture and distribution of sugar and molasses		
KSL Real Estate Company Limited	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	79.55	Thailand	Export sugar as exporting agent		
KSL Chemicals Company Limited	100.00	100.00	Thailand	Importer and distributor of chemicals		
Khon Kaen Sugar Power Plant Company Limited	100.00	100.00	Thailand	Production and distribution of electricity		
Khon Kaen Alcohol Company Limited	100.00	100.00	Thailand	Manufacture and distribution of alcohol or fuel from agricultural produce and bio-fertilizer		
KSL Agro & Trading Company Limited	100.00	100.00	Thailand	Domestic sugar trading and agricultural business operation		
Savannakhet Sugar Corporation	98.49	98.49	Laos	Agricultural operation, manufacture and distribution of sugar and molasses		
Koh Kong Sugar Industry Co., Ltd.	70.00	70.00	Cambodia	Manufacture and distribution of sugar and molasses		
Wynn In Trading Co., Ltd.	100.00	100.00	Mauritius	Trading and consultancy services		
Company Name	Percentage of Shareholding		Country of Incorporation	Type of Business		
	Indirect				Direct and indirect	
	2012 %	2011 %			2012 %	2011 %
Subsidiaries which 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.*	34.83	22.46	35.44	23.08	Thailand	Trading, rental and development of real estate and palm oil refinery operation
T S Flour Mill Public Company Limited*	23.54	23.54	23.63	23.63	Thailand	Produce and distribute wheat flour and property rental
T S 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, and plastic fiber, trade in plastic resin and transportation and security services
Subsidiary which the Company holds shares indirectly through Wynn In Trading Co., Ltd.						
Koh Kong Plantation Company Limited	70.00	70.00	70.00	70.00	Cambodia	Agricultural operation

\* The Company participates in controlling power, thus they are considered subsidiaries under the definition specified in the accounting standard.

The accounting periods of subsidiaries ended the same date as the Company (accounting period ended on October 31) except for 10 subsidiaries whose accounting periods ended December 31, as follows:

- Tamaka Sugar Industry Company Limited
- New Krung Thai Sugar Factory Company Limited
- New Kwang Soon Lee Sugar Factory Company Limited
- KSL. Agro & Trading Company Limited
- Thai Sugar Terminal Public Company Limited
- T S G Asset Co., Ltd.
- T S Oil Industry Co., Ltd.
- T S Flour Mill Public Company Limited
- T S Warehouse Co., Ltd.
- T S Transport and Logistics Co., Ltd.

On December 21, 2011, the extraordinary shareholders' meetings of Tamaka Sugar Industry Company Limited, New Krung Thai Sugar Factory Company Limited, New Kwang Soon Lee Sugar Factory Company Limited and KSL. Agro & Trading Company Limited had a resolution to change the last day of the accounting period from the year ending on October 31, to the year ending on December 31, beginning from the accounting period from November 1, 2011 to December 31, 2011, as the first accounting period of the change. Those 4 subsidiaries received the approval for such accounting period changes from the Revenue Department.

The consolidated financial statements are prepared based on the same accounting policies for the same accounting items or similar accounting events.

Significant balances and transactions between the Company and its subsidiaries including investments in subsidiaries and subsidiaries' share capital were eliminated from the consolidated financial statements.

- 2.3 The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards which are effective for the financial statements of periods beginning on or after January 1, 2013 as follows:

**Thai Accounting Standards (TAS)**

- |                       |  |
|-----------------------|--|
| TAS 12                | Income Taxes   |
| TAS 20                | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates                         |

**Thai Financial Reporting Standards (TFRS)**

- |        |                    |
|--------|--------------------|
| TFRS 8 | Operating Segments |
|--------|--------------------|

**Thai Standard Interpretations (TSI)**

- |        |   |
|--------|---|
| TSI 10 | Government Assistance - No Specific Relation to Operating Activities      |
| TSI 21 | Income Taxes - Recovery of Revalued Non-Depreciable Assets                |
| TSI 25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

The Company's and its subsidiaries' management will adopt the above TAS, TFRS and TSI relevant to the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company when they become effective. In addition, the Company's management has assessed the effects of these standards and believes that they will not have any significant impact on the consolidated financial statements of the Company for the period in which they are initially applied, except for TAS 12 "Income Taxes" and TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", which the Company's management is in the process of assessing the impact of these standards on the financial statements for the period in which they are initially applied.

### **3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS**

Since November 1, 2011, the Company and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRS) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in preparation and presentation of these financial statements. Such TFRS have no significant impact on the Company's financial statements except for the following TFRS.

#### **3.1 TAS 1 (Revised 2009) "Presentation of Financial Statements"**

TAS 1 (Revised 2009) "Presentation of Financial Statements" changed requirements about the presentation in the financial statements. Therefore, it affected the reclassifications in the consolidated and separate financial statements for the year ended October 31, 2011, presented herein for comparison.

#### **3.2 TAS 19 "Employee Benefits"**

Since November 1, 2011, the Company and its subsidiaries have adopted TAS 19 "Employee Benefits" for the first time by determining the post-employment benefit obligations under the Thai Labor Protection Act and the Company and its subsidiaries' retirement regulations based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of services and other factors. Discount rate used in calculation of the provision is referred from the yield curve of government bond. The Company and its subsidiaries recognized past service costs by adjusting the retained earnings as at November 1, 2011 in amount of Baht 178.68 million and Baht 70.72 million in the consolidated and separate statements of financial position, respectively, which is in compliance with the transitional provision of such standard.



### 3.3 TAS 40 (Revised 2009) “Investment Property”

Since November 1, 2011, the Company and its subsidiaries have adopted TAS 40 (Revised 2009) “Investment Property” for the first time. The Company and its subsidiaries elected to apply the cost model for measurement subsequent to initial recognition of investment property which are presented at cost less accumulated depreciation (if any).

Effects of the change in accounting policy to the statements of financial position as at October 31, 2011 are as follows:

	<b>Effect</b>	<b>Consolidated Financial Statements</b>	<b>Unit : Thousand Baht Separate Financial Statements</b>
Assets			
Investment property	Increase	277,712	143,477
Property, plant and equipment	Decrease	484,673	143,477
Shareholders' equity			
Gain on asset revaluation	Decrease	49,298	-
Non-controlling interests	Decrease	157,663	-

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Cash and cash equivalents

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.

### 4.2 Trade accounts receivable, farmer accounts receivable, and other accounts receivable

Trade accounts receivable, farmer accounts receivable, and other accounts receivable are stated 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.

### 4.3 Inventories

Inventories are stated at the lower of cost or net realizable value, and adjusted by slow-moving or out-of-date goods. Cost is calculated as follows:

- Raw materials, factory supplies and purchased for resale finished goods are calculated using the first-in, first-out method.
- Goods in process and finished goods of sugar and molasses are calculated by the average production cost in each production year using the first-in, first-out method.
- Finished goods of organic fertilizer are calculated by actual cost using the first-in, first-out method.
- Goods in process of organic fertilizer are calculated by actual cost using the specific method.

- Goods in process and finished goods of alcohol, wheat flour and polypropylene bags are calculated by actual cost using the first-in, first-out method.
- Goods in process and finished goods of palm oil are calculated by actual cost using the weighted average method.

The common production costs incurred in the production process are not allocated to bagasse and other by-products from productions of sugar, wheat flour and palm oil; therefore, revenues from sales of such products are presented as deduction to production costs in each production season.

#### 4.4 Real estate development

Real estate development cost is stated 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.

#### 4.5 Machine maintenance supplies

Machine maintenance supplies are stated at cost using first-in, first-out method and adjusted by allowance for slow-moving or out-of-date supplies (if any).

#### 4.6 Investments

4.6.1 Investments in associates in the consolidated financial statements are recorded by the equity method and in the separate financial statements are recorded under the cost method net by the allowance for 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.

4.6.2 Investments in subsidiaries in the separate financial statements are recorded under the cost method net by the allowance for 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.

4.6.3 Investment in marketable debt and equity instruments which are recorded as securities available-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 statement of financial position date or the management is 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 stated at fair values which are calculated from the latest quote of purchase price as of the accounting year end date and recognized the change in value in the statement of comprehensive income. When these investments are sold or impaired in value, the recognition will be made through the statements of income.

- 4.6.4 Investments in debt instruments, which are held to maturity, will be classified as short-term or long-term investments according to the remaining maturity period. They are stated at amortized cost and deducted by the allowance for impairment (if any). Premium/discount over value of debt instruments is amortized by effective interest rates method and the amount amortized will be presented in the statements of income.
- 4.6.5 General investments are non-marketable equity instruments are stated at cost less allowance for impairment (if any) and change in value of general investments is recognized in the statements of income when they are sold or impaired.

#### 4.7 Deferred cane plantation costs

Deferred cane plantation costs are the accumulated costs of cane plantation consisting of purchase costs of breed canes, costs of cane harvested for cane breeding, fertiliser costs, wages and other related direct expenses which are measured at cost deducted by accumulated amortization and the allowance for impairments. For harvested canes transferred as 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 which the Group expects to purchase from cane farmers in each region.

#### 4.8 Investment property

Investment property consist of land and building and warehouse leased out are presented at cost less accumulated depreciation (if any).

Depreciation of building and warehouse leased out is calculated by the straight-line method based on the estimated useful lives of the assets of 5 - 20 years.

#### 4.9 Property, plant and equipment

Land is stated at the revalued amount less allowance for impairment. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation. Plant and equipment are stated at cost less accumulated depreciation and the allowance for impairment (if any) (see Note 5).

Revaluation is performed by independent professional appraisers, which the Company has the policy that the independent professional appraisers will be requested 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 statement of financial position date. Increase from appraisal value will be recorded in the shareholders' equity under "gain (loss) on asset revaluation", and decrease from cost recorded as loss from decrease in revaluation of assets in the statements of income.

Depreciation of the plant and equipment (except for machineries of the Company and subsidiaries which are in the business relating to the sugar and molasses manufacture and distribution) is calculated from the cost using the straight-line method over their estimated useful lives, as follows:

- Land improvement	5 - 61	years
- Buildings and construction	2 - 58	years
- Machineries and equipment	3 - 43	years
- Motor vehicles and labor saving tools	4 - 20	years
- Furniture and office equipment	3 - 20	years

Machineries of the Company and its subsidiaries which are in the business relating to the sugar and molasses manufacture and distribution are depreciated based on the machinery production hours, which is equivalent to approximately 5-50 production seasons. The production capacity of machines is estimated by the engineers of the Group.

Depreciation calculated is included in the calculation of the operating result and no in progress depreciation is calculated for the land and construction in progress.

Interest expenses incurred from the loans obtained especially for the construction in progress project and during installation of equipment are included in the cost of the said construction in progress until it is ready for its intended usage.

#### 4.10 Intangible assets

Intangible assets are stated at cost less accumulated depreciation and the allowance for impairment (if any).

Amortization is calculated by the straight-line method over their estimated useful life which is estimated between 3 - 5 years.

Amortization of intangible assets in foreign countries are based the rate required in each country.

Impairment losses are recognized in the statements of income when incurred.

#### 4.11 Assets not used in operation

Assets not used in operation are initially recorded by cost method less accumulated depreciation and allowance for impairment.

#### 4.12 Impairment of assets

Impairment of assets is assessed at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the asset's recoverable amount will be estimated. When the carrying amount of the asset exceeds its recoverable amount, the asset 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 or value in use of the assets).

#### 4.13 Debentures

Debentures are initially recorded at cost by calculating from the fair value of the money received, which comprised of the fund received net by the direct costs from the issuances of debentures such as the management fee, debenture holder's representatives trustee appointment fee and the fee for financial advisor for debenture issuances. Such costs are amortized as expenses 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 periods of debentures according to each period's outstanding value of debentures. Interest bearing liabilities are presented at cost and expenses related to the occurrence of liabilities are recorded as expenses for the year.

#### 4.14 Provisions

Provisions are recorded when it is highly certain that obligations will occur at present legally or reliable estimate as a result of past events. These obligations are expected to cause an outflow of resources embodying economics benefits resulting to settle such obligations and these amounts to be paid can be estimated reliably. If there is expectation to recover payment toward estimated liabilities certainly by all or part, the returned payment will be recognized 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.

#### 4.15 Employee benefits

##### 4.15.1 Provident fund

The Company and its subsidiaries have a provident fund for those employees who have indicated their willingness to join. The contributions from the employees are deducted from their monthly salaries, with the Company matching the individuals' contributions. The provident fund is managed by a financial institution which is authorized by the Government in accordance with the Provident Fund Act B.E. 2530 (1987).

The contribution for employee provident fund is recorded as expenses when incurred.

#### 4.15.2 Post-employment benefits

The Company and its subsidiaries operate post-employment benefits under the Thai Labor Protection Act and the Company and its subsidiaries' retirement rules. Such employee benefit obligations are calculated based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of services and other factors. Discount rate used in calculation of the post-employment benefit obligations is referred from the yield curve of government bond. Actuarial gains (losses) are recognized in other comprehensive income in the period when they incur. Expenses related to employee benefits are recognized in the statements of income in order to allocate such costs throughout the service period. However, for the first-time adoption of TAS 19 "Employee Benefits", the Company and its subsidiaries elected to recognize past service costs with respect to post-employment benefit obligations by adjusting the retained earnings as at November 1, 2011, which is in compliance with the transitional provision of such standard (see Note 3.2).

#### 4.16 Share premium account on ordinary shares

Share premium account on ordinary shares is stated in accordance with Section 51 of the Public Limited Company Act B.E. 2535, in the event the Company offers the ordinary shares for sale at the price exceeding the registered share price, the Company shall appropriate this surplus as reserve ("Share premium account on ordinary shares"). This share premium account on ordinary shares cannot be paid out as dividend.

#### 4.17 Other components of equity

4.17.1 Losses on 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 entities with the same former shareholders and management and the said difference is shown as a separate item in the statement of financial position under shareholders' equity and it is written off when the investment is disposed.

4.17.2 Losses on change in shareholding ratio in subsidiaries is the difference between the investment for changed proportion in subsidiaries and book value of the subsidiaries resulted from change in proportion of investment in that subsidiaries. This difference is shown as a separate item in the statement of financial position under the shareholders' equity and it is written off when the investment is disposed.

#### 4.18 Non-controlling interests

Non-controlling interests mean the book value of the net assets of the subsidiaries in according to the shareholding ratio of the non-controlling interests or the participating portion which does not belong to the shareholders of the parent. The non-controlling interests are presented in a separate caption under the shareholders' equity in the consolidated statement of financial position and profit (loss) of the non-controlling interests are presented in a separate caption of the consolidated statements of income.

#### 4.19 Revenue recognition

Revenue recognized excludes value added taxes and other sales taxes. Revenue is presented net off discounts. The policies are as follows:

- 4.19.1 Revenues from sales are recognized 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.
- 4.19.2 Revenues from services, which the lengths of the services are short-term, are recognized when services are rendered.
- 4.19.3 Revenues from rental are recognized over the term of the lease.
- 4.19.4 Revenues from sale of land are recognized when the land ownership has already been transferred to the purchaser.
- 4.19.5 Revenues from sale of houses together with land are recognized in accordance with installments due for payment under gross margin method. If the payment of installments due is more than the percentage of work completed, it would be restrictively recognized only that amount pursuant to the work already completed. Revenue will be ceased to recognize 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 presented as other liabilities in the statement of financial position.
- 4.19.6 Revenues from sale of electricity and steam are recognized when the products steam are delivered and the customers have accepted the deliveries.
- 4.19.7 Interest income and discount receivable from discounting notes receivable are recognized according to the related period.
- 4.19.8 Dividend income is recognized when entitled to receive such dividend.
- 4.19.9 Other incomes are recognized on an accrual basis.

#### 4.20 Expense recognition

The policies relating to expenses are as follows:

4.20.1 In case of cost of sales for house together with land, all estimated development costs of properties are allocated based on actual costs to house and land sold according to saleable areas. Cost of sales is recognized in the statements of income according to proportion of revenue recognition.

4.20.2 Other expenses are recognized on an accrual basis.

#### 4.21 Leases

##### Operating lease

Lease in which substantially the risks and ownership of assets remain with the lessor is accounted for as operating lease. Rental applicable to such operating leases are charged to the statement of income using the straight-line method over the lease period.

##### Finance lease

Lease for equipment which substantially transfer all the risks and rewards of ownership to the lessee is classified as finance lease. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased equipment or the present value of the minimum lease payments. The related interest is recognized by effective interest rate method over the term of contracts and charged to the statement of income. The equipment acquired under finance leasing contracts is depreciated over the estimated useful lives of the equipment using the straight-line method.

#### 4.22 Finance costs

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 capitalized 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.

#### 4.23 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities in foreign currencies outstanding at the statement of financial position date are translated into Baht at the exchange rates ruling on that date. Exchange gains or losses either realized or unrealized are included as incomes or expenses in the statements of income for the years.



The financial statements of overseas subsidiaries are translated to Thai Baht in preparation of the consolidated financial statements as follows:

- a. Assets and liabilities are translated to Thai Baht at the foreign exchange rates ruling at statement of financial position date.
- b. Shareholders' equity is translated to Thai Baht at the foreign exchange rates on the transaction date.
- c. Revenues and expenses are translated to Thai Baht at average foreign exchange rates for the year.

Gain (loss) on translation of the financial statements prepared in foreign currencies are presented under shareholders' equity.

#### 4.24 Related parties

Related parties with the Company and its subsidiaries represent individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the common control with the Company and its subsidiaries. Furthermore, the related parties also represent the associates and the parties who hold the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or employees of the Company and its subsidiaries who have power to plan and control the operations of the Company and its subsidiaries, including the close family members who can persuade or have power to persuade to act in compliance with said persons and businesses that said persons who have control power or significant influence, either directly or indirectly.

#### 4.25 Income tax expenses

Income tax expenses are based on tax paid and accrued for the year.

#### 4.26 Earnings per share

The calculations of basic earnings per share for the year were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding 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.

#### 4.27 Sectorial business operations

Sectorial business operations are disclosed under the separate business sectors of the Group. 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.

#### 4.28 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, 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 are invested by the Group for hedging the risk from the fluctuation of exchange rates or prices of goods by determining the future exchange rates or prices of goods relating to assets or liabilities will be derived or paid. Gain or loss on the investment in derivatives is recorded in the statements of income when the contracts are settled or contractual terms are expired.

#### 4.29 Use of accounting estimates

The preparation of consolidated and separate financial statements in conformity with generally accepted accounting principles also requires the Company's and its subsidiaries' management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

### **5. CHANGE IN ACCOUNTING POLICY**

For the year ended October 31, 2012, the Company and its subsidiaries changed their accounting policy for buildings and construction, machineries and equipment, and motor vehicles and labor saving tools from revaluation method to cost method because the Company's management believe that the new policy is more practical for current situation and operations of the Company and its subsidiaries. Therefore, the consolidated and separate financial statements for the year ended October 31, 2011, and the consolidated and separate statements of financial position as at November 1, 2010, presented herein for comparison, have been retrospectively adjusted for the effect of the change to be in accordance with the new accounting policy (see Note 4.9).

Due to the change in accounting policy for buildings and construction, machineries and equipment, and motor vehicles and labor saving tools as mentioned in the previous paragraph, the Company therefore presented the consolidated and separate statements of financial position as at November 1, 2010 for comparison to be in accordance with Thai Accounting Standard No. 8 "Accounting Polices, Changes in Accounting Estimate and Errors".

Effects of the change in such accounting policy to the consolidated and separate statements of financial position as at October 31, 2011 and November 1, 2010 are as follows:

	Effect	Consolidated Financial Statements	Unit : Thousand Baht Separate Financial Statements
<b>As at October 31, 2011</b>			
Assets			
Property, plant and equipment			
Differences on revaluation of assets	Decrease	4,435,173	1,230,200
Accumulated depreciation - differences on revaluation of assets	Decrease	<u>2,495,868</u>	<u>540,145</u>
		<u>1,939,305</u>	<u>690,055</u>
Assets not used in operations	Decrease	290,703	-
Shareholders' equity			
Gain on asset revaluation	Decrease	2,040,693	690,055
Non-controlling interests	Decrease	189,315	-
<b>As at November 1, 2010</b>			
Assets			
Property, plant and equipment			
Differences on revaluation of assets	Decrease	5,095,467	1,230,200
Accumulated depreciation - differences on revaluation of assets	Decrease	<u>2,360,957</u>	<u>439,146</u>
	Decrease	<u>2,734,510</u>	<u>791,054</u>
Shareholders' equity			
Gain on asset revaluation	Decrease	2,343,758	791,054
Non-controlling interests	Decrease	390,752	-

## 6. ADDITIONAL CASH FLOW INFORMATION AND CASH EQUIVALENTS

6.1 Significant non-cash items in the consolidated and separate financial statements for the years ended October 31, 2012 and 2011 are as follows:

Type of transactions	Unit : Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	(Restated)		(Restated)	
	2012	2011	2012	2011
Unrealized gain (loss) from available-for-sale securities	505	(2,593)	-	(2,270)
Set-off other accounts receivable - compensation for sugar production and distribution and accrued stabilization function payment to the Office of the Cane and Sugar Fund	45,973	50,229	24,345	21,926
Net gain (loss) on asset revaluation	502,371	(23,379)	351,528	-
Transfer of depreciation to deferred cane plantation costs	73,660	103,206	3,257	1,719
Reclassified property, plant and equipment to asset not used in operations	95,120	348,210	42,164	-
Reclassified land not used in operations to property, plant and equipment	27,510	28,111	-	27,585
Reclassified property, plant and equipment to investment property	47,690	-	47,690	-
Reclassified assets not used in operations to investment property	98,282	-	98,282	-
Investments in subsidiaries increased from received long-term loan to related company	-	-	458,462	-
Adjustment gain on asset revaluation because of the change in accounting policy	2,206,120	-	175,932	-
Purchases of property, plant and equipment which had not yet been paid	1,093,698	370,528	339,859	55,506
Purchases of assets not used in operations which had not yet been paid	-	1,079	-	-
Interest expenses capitalized as asset costs	8,836	145,665	1,810	-

6.2 Cash and cash equivalents as at October 31, 2012 and 2011 are as follows:

Type of transactions	Unit : Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
Cash	3,995	4,068	2,364	2,192
Current accounts deposits	38,037	27,967	3,095	4,468
Savings accounts deposits	234,423	248,891	16,047	36,072
Fixed accounts deposits 3 months	13,000	-	-	-
Total	<u>289,455</u>	<u>280,926</u>	<u>21,506</u>	<u>42,732</u>

## 7. TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiaries had transactions incurred with related parties through common shareholdings or directorship. Significant balances and transactions between the Company and its subsidiaries with related parties could be summarized as follows:

7.1 Significant balances with related parties as at October 31, 2012 and 2011, are as follows:

Type of balances	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
Trade receivables				
Subsidiaries	-	-	57.78	31.45
Related companies	1.23	0.10	0.03	-
Total	<u>1.23</u>	<u>0.10</u>	<u>57.81</u>	<u>31.45</u>
Accrued dividend receivable from subsidiary (included in other receivables)				
Subsidiary	-	-	392.27	216.51
Short-term loans				
Subsidiaries	-	-	1,313.50	1,375.00
Other current assets				
Subsidiaries	-	-	4.93	16.59
Related companies	5.15	0.43	0.01	0.17
Total	<u>5.15</u>	<u>0.43</u>	<u>4.94</u>	<u>16.76</u>
Trade payables				
Subsidiaries	-	-	14.38	22.31
Related companies	1.24	0.07	0.01	-
Total	<u>1.24</u>	<u>0.07</u>	<u>14.39</u>	<u>22.31</u>
Other accrued expenses (included in other payables)				
Subsidiaries	-	-	1.32	3.12
Related companies	0.01	0.08	-	0.04
Total	<u>0.01</u>	<u>0.08</u>	<u>1.32</u>	<u>3.16</u>

Type of balances	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements 2012	Financial Statements 2011	Financial Statements 2012	Financial Statements 2011
Accounts payable for purchases of assets (included in other payables)				
Related companies	-	10.81	-	7.66
Other accounts payable (included in other payables)				
Subsidiaries	-	-	-	19.14
Related companies	1.16	2.73	1.00	0.70
Total	1.16	2.73	1.00	19.84
Short-term borrowings				
Subsidiaries	-	-	1,441.50	982.50
Other current liabilities				
Subsidiaries	-	-	-	10.06
Related companies	4.00	1.02	-	1.00
Total	4.00	1.02	-	11.06
Other non-current liabilities - others				
Subsidiaries	-	-	0.62	0.53
Related companies	0.84	0.77	0.84	0.77
Total	0.84	0.77	1.46	1.30

As at October 31, 2012 and 2011, short-term loans to related parties represented promissory notes receivable on demand, carrying interest rates at 3.15% - 3.75% per annum and 3.20% - 3.75% per annum, respectively.

As at October 31, 2012 and 2011, short-term borrowings from related parties represented promissory notes payable on demand, carrying the interest rate at 3.18% per annum and 3.20% - 3.75% per annum, respectively.

7.2 Significant transactions with related parties for the years ended October 31, 2012 and 2011, are as follows:

Type of transactions	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements 2012	Financial Statements 2011	Financial Statements 2012	Financial Statements 2011
Revenues from sales and services				
Subsidiaries	-	-	2,190.94	1,525.12
Related companies	57.83	149.97	-	46.92
Total	57.83	149.97	2,190.94	1,572.04
Cost of sales and services				
Subsidiaries	-	-	931.55	909.47
Related companies	5.51	17.53	-	9.88
Total	5.51	17.53	931.55	919.35

Type of transactions	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
Other income				
Subsidiaries	-	-	580.91	284.09
Related companies	26.25	2.85	1.23	2.64
Total	<u>26.25</u>	<u>2.85</u>	<u>582.14</u>	<u>286.73</u>
Selling expenses				
Subsidiaries	-	-	39.50	20.22
Related companies	45.71	1.21	-	-
Total	<u>45.71</u>	<u>1.21</u>	<u>39.50</u>	<u>20.22</u>
Administrative expenses				
Subsidiaries	-	-	1.70	0.16
Related companies	15.02	10.45	5.38	2.02
Related juristic person	7.02	10.57	5.81	9.41
Total	<u>22.04</u>	<u>21.02</u>	<u>12.89</u>	<u>11.59</u>
Financial costs				
Subsidiaries	-	-	28.86	9.36

#### POLICIES OF INTER-PRICE SETTING

- The inter-purchases/sales and borrow-return of raw sugar transactions between the group companies are based on the world market prices when the first sales-purchase for the year is made.
- In case of the sugar purchases/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 sell, the purchases of sugar can be made within the group companies at the same price as stipulated in such sugar purchases/sales agreements.
- The prices for other inter-purchases/sales of goods (except for sugar products) are in accordance with the prices stipulated in the mutually agreed contracts, which are higher than cost.
- The prices for the inter-purchases/sales of assets are in accordance with the agreed prices by counter parties, which are higher than cost.
- Revenues from sales of supplies are in accordance with the agreed prices by counter parties, which are higher than cost.
- Revenues from land leased to a subsidiary are charged according to the lease agreement which term is 30 years, commencing from January 25, 2005 until January 24, 2035 at annual rent of Baht 0.11 million, and will be increased by 10% for every 3 years. Once the lease is expired, ownership rights on all constructions built on the leased land will be vested to the lessor.
- Rental income from land and structure which lease terms range from 1 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 period at general market rates.
- Expenses paid on behalf of each other are charged at actual.
- No fee is charged for the inter-credit facility guarantee.

7.3 Relationship of related parties other than subsidiaries and associate consisted of:

Company Name	Relationship	Connection
K.S.L. IT Center Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Raja Ceramics Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
On Nuj Construction Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
Sahamit Machinery Public Co., Ltd.	Related Company	Same group of shareholder/Mutual directors
K.K. Wood Industry Co., Ltd.	Related Company	Same group of shareholders
Amarco Co., Ltd.	Related Company	Same group of shareholders
Thai Fermentation Industry Co., Ltd.	Related Company	Same group of shareholders
Rajburi Sugar Co., Ltd.	Related Company	Mutual directors in subsidiary
Mitr Kaset Industry Co., Ltd.	Related Company	Mutual directors in subsidiary
KSL Tower Juristic Person office	Related Juristic Person	Shared owner of office building

All of the aforementioned related entities are incorporated in Thailand.

Prachuap Industry Co., Ltd. holds no part in management of the Company, but is a related company, where certain directors of Prachuap Industry Co., Ltd. are also directors of Thai Sugar Terminal Public Company Limited and K.S.L. Export Trading Co., Ltd., which are subsidiaries of Khon Kaen Sugar Industry Public Company Limited.

## 8. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at October 31, 2012 and 2011, consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Trade receivables	835,629	767,148	122,649	242,721
Farmer receivables	194,554	154,562	134,871	133,923
Other receivables - compensation				
for sugar production and distribution	39,041	88,871	36,607	60,952
Other receivables	33,501	20,366	28,491	9,194
Prepaid expenses	25,833	19,863	7,229	5,392
Advance payment	27,454	77,803	6,396	86,580
Accrued dividend receivable from subsidiaries	-	-	392,272	216,514
Accrued income	41,947	24,797	7,825	4,951
Total trade and other receivables	<u>1,197,959</u>	<u>1,153,410</u>	<u>736,340</u>	<u>760,227</u>

8.1 Trade receivables as at October 31, 2012 and 2011, consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Related parties	4,928	6,744	57,810	31,459
Others	838,853	767,609	64,839	211,262
Total trade receivables	843,781	774,353	122,649	242,721
<u>Less</u> Allowance for doubtful accounts	(8,152)	(7,205)	-	-
Total trade receivables	835,629	767,148	122,649	242,721

Aging analyzes for trade receivables as at October 31, 2012 and 2011, were as follows:

8.1.1 Trade receivables - related parties

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Domestic trade receivables				
Not yet due	3,666	4,673	57,810	31,459
Overdue not over 3 months	1,262	2,071	-	-
Total	4,928	6,744	57,810	31,459

The normal credit terms granted to the related parties of the Company and subsidiaries range from 7 days to 365 days.

8.1.2 Trade receivables - others

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Domestic trade receivables				
Not yet due	671,302	554,765	62,974	88,842
Overdue not over 3 months	127,593	76,486	-	385
Overdue over 3 months				
but not over 6 months	1,657	2,189	-	-
Overdue over 6 months				
but not over 12 months	127	-	-	-
Over 12 months	7,173	8,095	-	-
Total	807,852	641,535	62,974	89,227
Foreign trade receivables				
Not yet due	31,001	126,074	1,865	122,035
Total	31,001	126,074	1,865	122,035
Total	838,853	767,609	64,839	211,262
<u>Less</u> Allowance for doubtful accounts	(8,152)	(7,205)	-	-
Trade receivables - others	830,701	760,404	64,839	211,262

The normal credit terms granted by the customers of the Company and subsidiaries range from 5 days to 90 days.



8.2 Farmer receivables as at October 31, 2012 and 2011, consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements 2012	Financial Statements 2011	Separate Financial Statements 2012	Separate Financial Statements 2011
Cane receivables				
Before Season 2008/2009	43,994	46,794	-	-
Season 2008/2009	524	525	77	77
Season 2009/2010	4,278	4,670	3,131	3,162
Season 2010/2011	13,042	19,895	2,380	3,621
Season 2011/2012	52,480	-	7,169	-
Total cane receivables	<u>114,318</u>	<u>71,884</u>	<u>12,757</u>	<u>6,860</u>
Advance payment				
Season 2011/2012	-	132,225	-	132,225
Season 2012/2013	112,598	-	110,427	-
Season 2013/2014	14,777	-	14,777	-
Total advance payment for purchases of cane	<u>127,375</u>	<u>132,225</u>	<u>125,204</u>	<u>132,225</u>
Receivables from fuel oil, fertilizer and other services	<u>7,727</u>	<u>3,406</u>	<u>4,975</u>	<u>-</u>
Total	249,420	207,515	142,936	139,085
<u>Less</u> Allowance for doubtful accounts	<u>(54,866)</u>	<u>(52,953)</u>	<u>(8,065)</u>	<u>(5,162)</u>
Total farmer receivables	<u>194,554</u>	<u>154,562</u>	<u>134,871</u>	<u>133,923</u>

8.3 Other receivables - compensation for sugar production and distribution

On February 4, 2011, the Office of The Cane and Sugar Board issued the letter No. Or Gor 0609/484 informing the resolution of the Cane and Sugar Board's meeting No. 1/2554 held on January 12, 2011, approving the offsetting of the stabilization function payment for the production seasons 2007/2008, 2008/2009 and 2009/2010 with the excess of compensation for sugar production and distribution where the remaining liability would be called from the stabilization function payment calculated by the Cane and Sugar Fund from the cane prices of the production season 2010/2011. As such, as at October 31, 2011, other receivables - compensation for sugar production and distribution of Baht 88.87 million and Baht 60.95 million were presented as current portion in the consolidated and separate financial statements, respectively. Subsequently, on October 30, 2012, the Cane and Sugar Board's meeting No. 13/2555 passed a resolution approving the offsetting of the stabilization function payment for the production seasons 2010/2011 where the remaining liability would be paid by the Cane and Sugar Fund to the Company and its subsidiaries. As such, as at October 31, 2012, other receivables - compensation for sugar production and distribution of Baht 39.04 million and Baht 36.61 million were presented as current portion in the consolidated and separate financial statements, respectively.

9. SHORT-TERM LOANS

Short-term loans as at October 31, 2012 and 2011, consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements 2012	Financial Statements 2011	Separate Financial Statements 2012	Separate Financial Statements 2011
Short-term loans to related parties	-	-	1,313,500	1,357,000
Short-term loans to farmers	747,693	716,284	137,919	201,256
Short-term loans to others	-	12,000	-	12,000
Current portion of loans for cane plantation development	161,680	107,612	34,185	26,384
Total short-term loans	<u>909,373</u>	<u>835,896</u>	<u>1,485,604</u>	<u>1,596,640</u>

As at October 31, 2012 and 2011, short-term loans to farmers included in the consolidated and separate financial statements are post-dated checks, where the farmers discounted to the Company and its subsidiaries with the interest rates based on the lending rates of commercial banks.

## 10. INVENTORIES

Inventories as at October 31, 2012 and 2011, consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Sugar and molasses	1,463,509	1,692,849	634,426	908,852
Alcohol and bio-fertilizer	271,546	201,056	-	-
Wheat flour	452,160	462,826	-	-
Polypropylene bags	18,115	11,404	-	-
Palm oil	538,494	253,644	-	-
Bagasse	176,886	143,571	-	-
Factory supplies	265,073	239,178	46,515	48,486
Machine maintenance supplies	474,375	334,953	153,013	123,713
	<u>3,660,158</u>	<u>3,339,481</u>	<u>833,954</u>	<u>1,081,051</u>
<u>Less</u> Allowance for obsolete goods and factory supplies	(3,179)	(3,179)	(2,490)	(2,490)
Allowance for diminution in value of inventories	(164,013)	(69,093)	(23,609)	(5,897)
Total inventories	<u>3,492,966</u>	<u>3,267,209</u>	<u>807,855</u>	<u>1,072,664</u>

Movements of the allowance for diminution in value of inventories for the years ended October 31, 2012 and 2011 are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Beginning balance	(69,093)	(4,368)	(5,897)	-
<u>Add</u> Increase during the years	(164,013)	(69,093)	(23,609)	(5,897)
<u>Less</u> Reversal during the years	69,093	4,368	5,897	-
Ending balance	<u>(164,013)</u>	<u>(69,093)</u>	<u>(23,609)</u>	<u>(5,897)</u>

For the years ended October 31, 2012 and 2011, cost of inventories recognized as expenses in the consolidated financial statements were Baht 16,139.93 million and Baht 11,432.72 million, respectively, and in separate financial statements were Baht 5,628.93 million and Baht 4,989.41 million, respectively.

## 11. INVESTMENTS IN AN ASSOCIATE AND SUBSIDIARIES

Investments in an associate and subsidiaries as at October 31, 2012 and 2011, consisted of:

### Consolidated Financial Statements

Company Name	Paid-Up		Percentage of		As at October 31, 2012			As at October 31, 2011		
	Share Capital		Shareholding		Investment			Investment		
			%	%	Cost	Equity	Dividend	Cost	Equity	Dividend
	2012	2011	2012	2011						
<b>Associate</b>										
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800	37,299	228	73,800	45,819	163
Total					73,800	37,299	228	73,800	45,819	163

### Separate Financial Statements

Company Name	Paid-up		Percentage of		Investment Cost		Dividends	
	share Capital		Shareholding		As at	As at	For theyearended	For theyearended
			%	%	October 31,	October 31,	October 31,	October 31,
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Associate</b>								
Champion Fermentation Co., Ltd.	200,000	200,000	32.50	32.50	73,800	73,800	228	163
Total investment in an associate					73,800	73,800	228	163
<b>Subsidiaries</b>								
Thai Sugar Terminal Public Company Limited **	132,000	132,000	23.82	23.82	81,967	81,967	7,545	7,545
New Krung Thai Sugar Factory Company Limited	1,000,000	1,000,000	95.78	95.78	834,394	834,394	-	-
Tamaka Sugar Industry Company Limited	600,000	600,000	90.21	90.21	523,337	523,337	324,772	216,515
New Kwang Soon Lee Sugar Factory Company Limited	500,000	500,000	98.61	98.61	569,284	569,284	-	-
K.S.L. Real Estate Company Limited	140,000	140,000	80.31	80.31	89,134	89,134	-	-
K.S.L. Export Trading Co., Ltd.	20,000	20,000	33.88	33.88	6,775	6,775	1,220	-
KSL Chemical Company Limited	10,000	10,000	100.00	100.00	9,119	9,119	-	-
Khon Kaen Sugar Power Plant Company Limited	800,000	800,000	100.00	100.00	799,972	799,972	-	-
Khon Kaen Alcohol Company Limited	610,000	610,000	100.00	100.00	609,986	609,986	-	-
KSL. Agro & Trading Company Limited	280,000	280,000	100.00	100.00	280,000	280,000	67,500	-
Savannakhet Sugar Corporation*	684,757	684,757	98.49	98.49	674,178	674,178	-	-
Koh Kong Sugar Industry Co., Ltd.*	798,900	798,900	70.00	70.00	563,829	563,829	-	-
Wynn In Trading Co., Ltd.	368,957	184,637	100.00	100.00	368,957	184,637	-	-
T S G Assets Co., Ltd.**	50,000	50,000	4.11	4.11	2,061	2,061	-	-
T S Oil Industry Co., Ltd.**	400,000	200,000	0.62	0.62	2,472	1,238	-	-
T S Flour Mill Public Company Limited**	200,000	200,000	0.10	0.10	196	196	98	-
T S Warehouse Co., Ltd.**	12,500	12,500	4.02	4.02	509	509	-	-
T S Transport and Logistic Co., Ltd.**	80,000	80,000	10.12	10.12	8,108	8,108	-	-
Total					5,424,278	5,238,724	401,135	224,060
<u>Add</u> Advance payment for share subscription - Koh Kong Sugar Industry Co., Ltd.*					276,840	-	-	-
					5,701,118	5,238,724	401,135	224,060
<u>Less</u> Allowance for impairment of investments					(5,884)	(5,884)	-	-
Total investments in subsidiaries					5,695,234	5,232,840	401,135	224,060
Total investments in subsidiaries and associate					5,769,034	5,306,640	401,363	224,223

\* These foreign subsidiaries have been audited by other auditors including Koh Kong Plantation Company Limited which the Company holds its shares indirectly through Wynn In Trading Co., Ltd. at 70%. Furthermore, Koh Kong Plantation Company Limited has 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 subsidiaries which have been audited by other auditors.

Movements in investments for the years ended October 31, 2012 and 2011 are as follows:

	<b>Unit : Thousand Baht Separate Financial Statements</b>	
	<b>2012</b>	<b>2011</b>
Beginning balance	5,306,640	5,102,224
Additional investments		
Wynn In Tradings Co., Ltd.	184,320	150,487
T S Oil Industry Co., Ltd.	1,234	-
Koh Kong Sugar Industry Co., Ltd.	276,840	-
KSL Chemicals Company Limited	-	2,500
<u>Add</u> Reversal of allowance for impairment of investments	-	51,429
Ending balance	<u>5,769,034</u>	<u>5,306,640</u>

In the fiscal year 2012, additional investment in Wynn In Trading Co., Ltd. was to invest in shares of Koh Kong Plantation Company Limited (the subsidiary which the Company holds shares indirectly through Wynn In Trading Co., Ltd.) according to the Board of Directors' meeting of Koh Kong Plantation Company Limited dated July 9, 2012 passing a resolution to increase the authorized share capital from USD 20 million to USD 26 million. In addition, additional investment in Koh Kong Sugar Industry Co., Ltd. was subscription paid in advance for share increased according to the resolution of the Board of Directors' meeting of Koh Kong Sugar Industry Co., Ltd. dated July 9, 2012 to increase the authorized share capital from USD 24 million to USD 33 million which such subsidiary is in the registration process as at October 31, 2012.

In the fiscal year 2011, additional investment in Wynn In Trading Co., Ltd. was to invest in shares of Koh Kong Plantation Company Limited (the subsidiary which the Company holds shares indirectly through Wynn In Trading Co., Ltd.) according to the Board of Directors' meeting of Koh Kong Plantation Company Limited dated December 9, 2010 passing a resolution to decrease the authorized share capital from USD 16 million to USD 8 million for reduction in the deficit and to increase in the authorized share capital from USD 8 million to USD 20 million. Such subsidiary registered the decrease in share capital on June 14, 2011 and the increase in share capital on August 4, 2011.

The financial statements of three foreign subsidiaries\*, which were also consolidated and have been audited by other auditors, are as follows:

	<b>Unit : Million Baht (Restated)</b>			
	<b>As at October 31, 2012</b>		<b>As at October 31, 2011</b>	
	<b>Before elimination of related transactions</b>	<b>After elimination of related transactions</b>	<b>Before elimination of related transactions</b>	<b>After elimination of related transactions</b>
Total Assets	3,972.94	3,972.18	4,200.42	4,132.41

	Unit : Million Baht			
	For the year ended October 31, 2012		For the year ended October 31, 2011	
	Before elimination of related transactions	After elimination of related transactions	Before elimination of related transactions	After elimination of related transactions
	Total revenues	882.66	639.55	1,166.25
Total net loss	392.87	420.66	105.91	83.32

The financial statements of six local subsidiaries\*\*, which were also consolidated and have been audited by other auditors, are as follows:

	Unit : Million Baht (Restated)			
	As at October 31, 2012		As at October 31, 2011	
	Before elimination of related transactions	After elimination of related transactions	Before elimination of related transactions	After elimination of related transactions
	Total assets	3,349.12	3,348.86	2,832.81

	Unit : Million Baht			
	For the year ended October 31, 2012		For the year ended October 31, 2011	
	Before elimination of related transactions	After elimination of related transactions	Before elimination of related transactions	After elimination of related transactions
	Total revenues	3,201.89	3,098.38	2,224.10
Total net income	190.09	98.63	142.97	97.63

The consolidated financial statements of Champion Fermentation Co., Ltd. and its subsidiaries, an associate, which were accounted by equity method, were prepared by such company's management which have audited by other auditors. The Company recognized loss sharing of investment in such associate in the consolidated statements of income.

		For the years ended October 31,	
		2012	2011
Recognized loss sharing	Million Baht	8.29	9.17
Percentage of total net profit	%	(0.34)	(0.45)

## 12. LONG-TERM LOANS

Long-term loans as at October 31, 2012 and 2011 consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Loans for cane plantation development	576,807	478,725	57,803	49,338
<u>Less</u> Current portion (included as part of short-term loans)	<u>(161,680)</u>	<u>(107,612)</u>	<u>(34,185)</u>	<u>(26,384)</u>
Total	415,127	371,113	23,618	22,954
<u>Less</u> Allowance for doubtful debts	<u>(16,177)</u>	<u>(10,721)</u>	<u>(8,882)</u>	-
Total long-term loans	<u>398,950</u>	<u>360,392</u>	<u>14,736</u>	<u>22,954</u>

As at October 31, 2012 and 2011, loans for cane plantation development included in the consolidated and separate financial statements included loans to other five and three parties of Baht 32.45 million and Baht 36.65 million, respectively, for purchases of agricultural machineries for planting for a foreign subsidiary of the Company for periods of 3 - 4 years and carrying interest rate at MLR+1.00 per annum. The principal and interest are payable annually. The Company has the ownership over the agricultural machineries purchased by the borrowers and, in the event of default of debt payments, the Company is able to sell such machineries back to the sellers.

As at October 31, 2012 and 2011, the remaining loans for cane plantation development were the subsidiaries' loans to farmers for the purpose to buy land for cane plantation, agricultural machineries and equipment of subsidiaries. The loan agreements were entered into for the periods of 1 - 8 years, or longer. Loans carry interest rates of 5.00% - 8.50% and 5.50% - 8.50% per annum, respectively, which the farmers mostly use land and vehicles as collateral.

## 13. DEFERRED CANE PLANTATION COSTS

Movements of deferred cane plantation costs for the years ended October 31, 2012 and 2011 are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Beginning book value - net	724,489	831,654	40,790	73,369
Additional costs during the years				
- Costs of cane plantation	339,627	393,559	59,480	72,170
- Transfers of depreciation	73,977	103,200	3,257	1,719
Accumulated cost of cane planted	1,138,093	1,328,413	103,527	147,264
- Amortization of cane plantation costs during the year	(455,400)	(519,468)	(44,096)	(88,457)
- Written off	(5,214)	-	-	-
Ending book value	677,479	808,951	59,431	58,807
Loss from value impairment	(269)	(6,279)	-	-
Loss from damaged cane	(107,656)	(90,300)	-	(18,017)
Exchanged differences on translating financial statements	430	12,117	-	-
Ending book value - net	<u>569,984</u>	<u>724,489</u>	<u>59,431</u>	<u>40,790</u>

The Company and its subsidiaries recorded deferred cane plantation costs at cost less accumulated amortization and allowance for impairment because the cane plantation period is approximately 10 - 13 months and the fair value of cane fluctuates by the climate of plantation area which has an impact to the quantity and quality of cane products.

As at October 31, 2012 and 2011, certain deferred cane plantation costs of Baht 485.87 million and Baht 669.87 million, respectively, belong to two subsidiaries which grow cane plantation on lease land as follows:

- For the first subsidiary, amounting to Baht 156.45 million and Baht 164.23 million, respectively, represent costs of cane plantation on the land leased from the Government of the Lao People's Democratic Republic as referred to in Note 31.1.
- For the second subsidiary, amounting to Baht 329.42 million and Baht 505.64 million, respectively, represent costs of cane plantation on the land leased from the Government of the Kingdom of Cambodia as referred to in Note 31.2.

#### 14. INVESTMENT PROPERTY

Movements of investment property for the years ended October 31, 2012 and 2011 are as follows:

2012

	Consolidated Financial Statements				Separate Financial Statements		
	Land	Building and Warehouse	Construction In progress	Total	Land	Building and Warehouse	Total
<b>Unit : Thousand Baht</b>							
<b>Cost :</b>							
As at October 31, 2011	59,211	633,389	-	692,600	-	358,845	358,845
Transfer out	(30,518)	(72,062)	-	(102,580)	-	-	-
Purchases	89,927	-	12,372	102,299	-	-	-
Transfer in	296,180	21,994	-	318,174	123,978	21,994	145,972
As at October 31, 2012	414,800	583,321	12,372	1,010,493	123,978	380,839	504,817
<b>Accumulated depreciation :</b>							
As at October 31, 2011	-	(414,606)	-	(414,606)	-	(215,368)	(215,368)
Adjustment	-	38,054	-	38,054	-	-	-
Depreciation during the year	-	(5,984)	-	(5,984)	-	(3,838)	(3,838)
As at October 31, 2012	-	(382,536)	-	(382,536)	-	(219,206)	(219,206)
<b>Allowance for impairment :</b>							
As at October 31, 2011	(282)	-	-	(282)	-	-	-
Increase during the year	(1,965)	-	-	(1,965)	(448)	-	(448)
As at October 31, 2012	(2,247)	-	-	(2,247)	(448)	-	(448)
<b>Net book value :</b>							
As at October 31, 2012	412,553	200,785	12,372	625,710	123,530	161,633	285,163
<b>Fair value :</b>							
As at October 31, 2012	942,307	610,041	-	1,552,348	383,126	484,470	867,596

2011

	Consolidated Financial Statements			Separate Financial Statements		
	Land	Building and Warehouse	Total	Land	Building and Warehouse	Total
<b>Cost :</b>						
As at October 31, 2010	59,211	629,767	688,978	-	358,845	358,845
Purchases	-	3,376	3,376	-	-	-
Transfer in	-	246	246	-	-	-
As at October 31, 2011	59,211	633,389	692,600	-	358,845	358,845
<b>Accumulated depreciation :</b>						
As at October 31, 2010	-	(404,974)	(404,974)	-	(210,636)	(210,636)
Depreciation during the year	-	(9,632)	(9,632)	-	(4,732)	(4,732)
As at October 31, 2011	-	(414,606)	(414,606)	-	(215,368)	(215,368)
<b>Allowance for impairment :</b>						
As at October 31, 2010	(282)	-	(282)	-	-	-
As at October 31, 2011	(282)	-	(282)	-	-	-
<b>Net book value :</b>						
As at October 31, 2011	58,929	218,783	277,712	-	143,477	143,477
<b>Fair value :</b>						
As at October 31, 2011	265,890	660,399	926,289	-	532,356	532,356

Fair value is determined by an independent appraiser who has been approved by the Office of the Securities and Exchange Commission (Thailand) using replacement cost to property value residual value and the remaining useful life of investment property.

The Company and subsidiaries have operating lease agreements related to lease of land, and building and warehouse with the tenor range from 2 months to 30 years. As at October 31, 2012, the assets leased under the said operating leases would generate the future minimum rental income in one year as follows:

	Consolidated Financial Statements	Unit : Thousand Baht Separate Financial Statements
Residential unit lease agreements	49,460	42,615
Warehouse lease agreements	40,050	-
Land lease agreements	1,387	-

As at October 31, 2012 and 2011, a subsidiary has the assets for rent with the book value stated in the consolidated financial statements of Baht 101.74 million and Baht 120.58 million, respectively, pledged as collateral against its credit facilities given by two commercial banks.



## 15. PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the years ended October 31, 2012 and 2011, are as follows:

2012

Unit : Thousand Baht

	Consolidated Financial Statements							Total
	Land	Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	
<b>Cost :</b>								
As at October 31, 2011 - restated	927,705	958,131	4,326,626	12,077,994	973,486	189,172	2,056,773	21,509,887
Adjustment and reclassification	(176,967)	-	174,793	(39,765)	(85,114)	(38)	(50,384)	(177,475)
Purchases	113,697	12,138	5,486	148,311	141,025	23,853	4,916,960	5,361,470
Disposals/written off	(4,381)	-	(4,214)	(96,451)	(21,605)	(1,610)	-	(128,261)
Transfer in (out)	-	50,264	272,633	1,941,325	5,829	7,577	(2,277,628)	-
Translation of financial statements differences	-	407	394	1,046	181	11	23	2,062
As at October 31, 2012	860,054	1,020,940	4,775,718	14,032,460	1,013,802	218,965	4,645,744	26,567,683
<b>Accumulated depreciation :</b>								
As at October 31, 2011 - restated	-	(204,033)	(704,083)	(4,684,346)	(668,493)	(134,151)	-	(6,395,106)
Depreciation for the year	-	(41,396)	(111,296)	(663,773)	(63,145)	(20,846)	-	(900,456)
Adjustment and reclassification	-	-	(103,182)	30,176	54,158	-	-	(18,848)
Disposals/written off	-	-	2,906	70,753	20,624	1,415	-	95,698
Translation of financial statements differences	-	(79)	(38)	(75)	(83)	(6)	-	(281)
As at October 31, 2012	-	(245,508)	(915,693)	(5,247,265)	(656,939)	(153,588)	-	(7,218,95)
<b>Differences on revaluation of assets :</b>								
As at October 31, 2011 - restated	999,678	-	-	-	-	-	-	999,678
Adjustment and reclassification	(158,095)	-	-	-	-	-	-	(158,095)
Increase	1,263,487	-	-	-	-	-	-	1,263,487
Disposals	(89)	-	-	-	-	-	-	(89)
As at October 31, 2012	2,104,981	-	-	-	-	-	-	2,104,981
<b>Allowance for impairment of assets :</b>								
As at October 31, 2011 - restated	(17,299)	-	(9,282)	(6,254)	-	-	-	(32,835)
Adjustment and reclassification	3,706	-	-	-	-	-	-	3,706
(Increase)	(2,213)	(720)	-	(200)	-	-	-	(3,133)
Decrease	2,778	-	-	-	-	-	-	2,778
As at October 31, 2012	(13,028)	(720)	(9,282)	(6,454)	-	-	-	(29,484)
<b>Net book value :</b>								
As at October 31, 2012	2,952,007	774,712	3,850,743	8,778,741	356,863	65,377	4,645,744	21,424,187

2011 (Restated)

Unit : Thousand Baht

Consolidated Financial Statements								
Land	Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	Total	
<b>Cost :</b>								
As at October 31, 2010 - restated	841,381	729,193	2,228,556	8,675,556	889,646	170,561	6,411,128	19,946,021
Adjustment and reclassification	3,589	60,731	(1,459)	(429,064)	(1,279)	415	70,986	(296,081)
Purchases	82,672	25,261	45,377	102,544	82,914	17,517	1,614,310	1,970,595
Disposals/written off	(251)	-	(48,609)	(79,239)	(19,060)	(1,758)	(15,972)	(164,889)
Transfer in (out)	314	132,299	2,092,482	3,782,320	14,478	2,160	(6,024,053)	-
Translation of financial statements differences	-	10,647	10,279	25,877	6,787	277	374	54,241
As at October 31, 2011	927,705	958,131	4,326,626	12,077,994	973,486	189,172	2,056,773	21,509,887
<b>Accumulated depreciation :</b>								
As at October 31, 2010 - restated	-	(94,956)	(1,013,065)	(4,660,433)	(587,001)	(116,751)	-	(6,472,206)
Adjustment and reclassification	-	(60,731)	414,648	372,726	2,160	60	-	728,863
Depreciation for the year	-	(46,934)	(111,114)	(475,335)	(95,245)	(18,884)	-	(747,512)
Disposals/written off	-	-	6,055	79,046	14,639	1,529	-	101,269
Translation of financial statements differences	-	(1,412)	(607)	(350)	(3,046)	(105)	-	(5,520)
As at October 31, 2011	-	(204,033)	(704,083)	(4,684,346)	(668,493)	(134,151)	-	(6,395,106)
<b>Differences on revaluation of assets :</b>								
As at October 31, 2010 - restated	999,678	-	-	-	-	-	-	999,678
As at October 31, 2011	999,678	-	-	-	-	-	-	999,678
<b>Allowance for impairment of assets :</b>								
As at October 31, 2010 - restated	(17,299)	-	(9,282)	(6,254)	-	-	-	(32,835)
As at October 31, 2011	(17,299)	-	(9,282)	(6,254)	-	-	-	(32,835)
<b>Net book value :</b>								
As at October 31, 2011	1,910,084	754,098	3,613,261	7,387,394	304,993	55,021	2,056,773	16,081,624

**Depreciation for the years ended October 31,**

2012	<b>Thousand Baht</b>	<u>900,456</u>
2011 - restated	<b>Thousand Baht</b>	<u>747,512</u>

2012

Unit : Thousand Baht

	Separate Financial Statements							Total
	Land	Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	
<b>Cost :</b>								
As at October 31, 2011 - restated	355,631	33,992	387,929	2,529,073	326,576	66,341	176,265	3,875,807
Adjustment and reclassification	(95,394)	-	95,526	(89,959)	-	(27)	(200)	(90,054)
Purchases	108,578	652	183	62,973	44,583	10,841	2,323,042	2,550,852
Disposals/written off	(1,027)	-	-	(65,128)	(41,464)	(261)	-	(107,880)
Transfer in (out)	-	-	38,041	251,489	6	1,513	(291,049)	-
As at October 31, 2012	367,788	34,644	521,679	2,688,448	329,701	78,407	2,208,058	6,228,725
<b>Accumulated depreciation :</b>								
As at October 31, 2011 - restated	-	(10,855)	(200,405)	(1,792,415)	(297,733)	(54,041)	-	(2,355,449)
Adjustment and reclassification	-	-	(65,591)	65,591	-	-	-	-
Depreciation for the year	-	(1,484)	(8,971)	(181,441)	(12,304)	(5,033)	-	(209,233)
Disposals/written off	-	-	-	55,370	41,464	212	-	97,046
As at October 31, 2012	-	(12,339)	(274,967)	(1,852,895)	(268,573)	(58,862)	-	(2,467,636)
<b>Differences on revaluation of assets :</b>								
As at October 31, 2011 - restated	316,434	-	-	-	-	-	-	316,434
Adjustment and reclassification	(195,704)	-	-	-	-	-	-	(195,704)
Increase	408,648	-	-	-	-	-	-	408,648
As at October 31, 2012	529,378	-	-	-	-	-	-	529,378
<b>Allowance for impairment of assets :</b>								
As at October 31, 2011 - restated	(10,450)	-	(2,417)	(3,817)	-	-	-	(16,684)
(Increase) decrease during the year	3,367	-	-	-	-	-	-	3,367
As at October 31, 2012	(7,083)	-	(2,417)	(3,817)	-	-	-	(13,317)
<b>Net book value :</b>								
As at October 31, 2012	890,083	22,305	244,295	831,736	61,128	19,545	2,208,058	4,277,150

2011 (Restated)

Unit : Thousand Baht

	Separate Financial Statements							Total
	Land	Land Improvement	Building and Construction	Machinery and Equipment	Motor Vehicle and Labor Saving Tools	Furniture and Office Equipment	Construction in progress	
<b>Cost :</b>								
As at October 31, 2010 - restated	264,772	33,677	479,843	2,545,362	324,289	59,715	60,823	3,768,481
Adjustment and reclassification	27,585	-	-	(8,425)	-	-	-	19,160
Purchases	62,959	315	865	20,007	13,851	7,178	182,381	287,556
Disposals/written off	-	-	(93,779)	(93,495)	(11,564)	(552)	-	(199,390)
Transfer in (out)	315	-	1,000	65,624	-	-	(66,939)	-
As at October 31, 2011	355,631	33,992	387,929	2,529,073	326,576	66,341	176,265	3,875,807
<b>Accumulated depreciation :</b>								
As at October 31, 2010 - restated	-	(9,483)	(202,869)	(1,688,567)	(297,247)	(50,982)	-	(2,249,148)
Depreciation for the year	-	(1,372)	(6,996)	(152,607)	(12,049)	(3,598)	-	(176,622)
Disposals/written off	-	-	9,460	48,759	11,563	539	-	70,321
As at October 31, 2011	-	(10,855)	(200,405)	(1,792,415)	(297,733)	(54,041)	-	(2,355,449)
<b>Differences on revaluation of assets :</b>								
As at October 31, 2010 - restated	316,434	-	-	-	-	-	-	316,434
As at October 31, 2010	316,434	-	-	-	-	-	-	316,434
<b>Allowance for impairment of assets :</b>								
As at October 31, 2010 - restated	(10,450)	-	(8,705)	(3,817)	-	-	-	(22,972)
(Increase) decrease during the year	-	-	6,288	-	-	-	-	6,288
As at October 31, 2011	(10,450)	-	(2,417)	(3,817)	-	-	-	(16,684)
<b>Net book value :</b>								
As at October 31, 2011	661,61	23,137	185,107	732,841	28,843	12,30	176,265	1,820,108
<b>Depreciation for the years ended October 31,</b>								
2012							Thousand Baht	209,233
2011 - restated							Thousand Baht	176,622

During the fiscal years 2012 and 2011, the borrowing costs of Baht 8.84 million and Baht 145.67 million, respectively, in the consolidated financial statements, incurred from borrowings for the projects of local subsidiaries, and foreign subsidiary (only fiscal year 2011). Such borrowing costs are recorded as costs of construction in progress included in addition of assets.

As at October 31, 2012 and 2011, land together with structure and machineries at the book value of Baht 934.98 million and Baht 834.68 million, respectively, in the consolidated financial statements, were used as collateral for the short-term and long-term credit facilities with commercial banks as stated in Notes 17, 20 and 30.5.

As at October 31, 2012 and 2011, buildings and structure and building under construction of three foreign subsidiaries at book values of Baht 660.85 million and Baht 652.47 million, respectively, in the consolidated financial statements, are located on the concession land which the ownership will be transferred to the lessors when the agreements are expired (see Note 31).

As at October 31, 2012 and 2011, assets at cost amounts of Baht 2,695.64 million and Baht 2,382.17 million, respectively, in the consolidated financial statements, and of Baht 1,008.73 million and Baht 970.82 million, respectively, in the separate financial statements, were fully depreciated but still in use.

## 16. OTHER NON-CURRENT ASSETS

Other non-current assets as at October 31, 2012 and 2011, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Assets not used in operation	289,486	399,271	40,793	98,281
Other non-current assets	203,050	235,844	1,891	17,172
	<u>492,536</u>	<u>635,115</u>	<u>42,684</u>	<u>115,453</u>

As at October 31, 2012 and 2011, assets not used in operation of Baht 129.67 million and Baht 277.55 million, respectively, in the consolidated financial statements, and of Baht 40.79 million and Baht 98.28 million, respectively, in the separate financial statements are land held for business expansion in the future.

As at October 31, 2012 and 2011, a subsidiary had assets not used in operation of Baht 13.31 million and Baht 15.27 million, respectively. Such assets are spare parts of machineries bidding from a non-related company which are outstanding from usage and sales. They are currently considered to be held for business expansion in the future.

## 17. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at October 31, 2012 and 2011 consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Promissory notes	5,024,060	2,804,318	504,000	-
Trust receipts	872,875	379,763	91,172	-
Total	<u>5,896,935</u>	<u>3,184,081</u>	<u>595,172</u>	<u>-</u>

As at October 31, 2012 and 2011, borrowings from financial institutions include borrowings in the form of promissory notes with the maturity period ranging from 1 - 6 months. A part of Baht 647.66 million and Baht 670.42 million, respectively, are the borrowings in US dollar currency from a commercial bank in Thailand by two foreign subsidiaries carrying floating interest rates at LIBOR+2.00% per annum, equally both years. The remaining borrowings are in Baht currency, carrying interest rates at 3.15% - 4.75% per annum and 3.30% - 4.60% per annum, respectively.

As at October 31, 2012 and 2011, trust receipts represent the borrowings in Baht currency, carrying interest rates at 1.05% - 3.75% per annum and 4.55% - 4.62% per annum, respectively, in consolidated financial statements and at 1.75% - 2.74% per annum in separate financial statements.

Borrowings from financial institutions are secured by land with structure, machineries, leasehold right of leased land where the plant is located, and guarantees by the Company and subsidiaries. Short-term borrowings of a foreign subsidiary utilized the joint collaterals with the ninth to eleventh credit lines of long-term borrowings as mentioned in Note 20.

## 18. TRADE AND OTHER PAYABLES

Trade and other payables as at October 31, 2012 and 2011 consisted of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2012	2011	2012	2011
Trade payables - related parties	13	66	14,394	22,305
Trade payable - others				
- Payables for cane purchase	734,268	775,166	193,151	379,791
- Other trade payables	394,227	129,856	87,144	12,671
Advances received for sales of goods	27,784	45,650	17,388	37,476
Accrued fees payable to the Office of the Cane and Sugar Fund	74,028	53,846	30,041	22,809
Accrued stabilization function payment to the Office of the Cane and Sugar Fund	54,915	50,016	26,292	24,379
Other accrued expenses	235,037	162,533	77,826	72,906
Payables on purchases of assets	837,286	374,599	363,808	59,391
Other payables	440,974	252,817	143,574	126,503
Total trade and other payables	<u>2,798,532</u>	<u>1,844,549</u>	<u>953,618</u>	<u>758,231</u>

As at October 31, 2012, the Company and its three subsidiaries purchased canes for the production season 2011/2012 using the initial cane price for production season 2011/2012 announced by the Cane and Sugar Board's in the Royal Gazette dated March 2, 2012. The price is Baht 1,000.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 60.00 per cane ton. Until the date the Company's Board of Directors approved the issuance of these financial statements, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2011/2012. Therefore, the Company and its subsidiaries recorded accounts payable - cane purchases and calculated cost of goods sold and inventories for the year ended October 31, 2012 from the estimate made by the management of the Company and its subsidiaries at cane price of Baht 1,165.94 - 1,273.80 per cane ton with average sweetness level at 11.27 - 12.26 c.c.s.

As at October 31, 2011, the Company and its three subsidiaries purchased canes for the production season 2010/2011 using the initial cane price for production season 2010/2011 announced by the Cane and Sugar Board in the Royal Gazette dated January 18, 2011. The price is Baht 945.00 per cane ton with sweetness level at 10 c.c.s. and fluctuating cane price per one c.c.s. is fixed at Baht 56.70 per cane ton. Until the date the Company's Board of Directors approved the issuance of the 2011 financial statements, the Office of Cane and Sugar Board has not yet announced a final cane price for the production season 2010/2011. Therefore, the Company and its subsidiaries recorded accounts payable - cane purchases and calculated cost of goods sold and inventories for the year ended October 31, 2011 from the estimate made by the management of the Company and its subsidiaries at cane price of Baht 1,136.49 - 1,256.59 per cane ton with average sweetness level at 10.78 - 12.55 c.c.s. During the fourth quarter of 2012, the Cane and Sugar Board announced the final cane price for production season 2010/2011 in accordance with the Royal Gazette dated September 11, 2012, which showed no change in the final cane price recorded by the Company and its subsidiaries as at October 31, 2011.

## 19. LONG-TERM DEBENTURES

Long-term debentures as at October 31, 2012 and 2011 consisted of:

	Unit : Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	2012	2011
Unsecured senior debt debentures	3,497,584	3,777,978
<u>Less</u> Current portion	<u>(1,999,491)</u>	<u>(1,779,560)</u>
Net	<u>1,498,093</u>	<u>1,998,418</u>

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 : Thousand Baht									
Consolidated Financial Statements/Separate Financial Statements									
2012									
Bond Set No.	Symbol	Term	Maturity Date	Interest Rate Per Annum	Number of Units Issued	Total Value	Deferred debenture issuance cost	Net	Fair Value
1	KSL12NA	5 years	November 20, 2012	5.44	500,000	500,000	19	499,981	500,481
2	KSL133A	3 years	March 29, 2013	3.25	500,000	500,000	101	499,899	500,198
3	KSL139A	3 years 6 months	September 3, 2013	3.35	1,000,000	1,000,000	389	999,611	1,000,826
4	KSL14DA	3 years	December 16, 2014	4.05	1,500,000	1,500,000	1,907	1,498,093	1,515,628
	Total				3,500,000	3,500,000	2,416	3,497,584	3,517,133
<u>Less</u>	Current Portion				(2,000,000)	(2,000,000)	(509)	(1,999,491)	(2,001,505)
	Total debentures				1,500,000	1,500,000	1,907	1,498,093	1,515,628

Unit : Thousand Baht									
Consolidated Financial Statements/Separate Financial Statements									
2011									
Bond Set No.	Symbol	Term	Maturity Date	Interest Rate Per Annum	Number of Units Issued	Total Value	Deferred debenture issuance cost	Net	Fair Value
1	KSL12NA	5 years	November 20, 2012	5.44	500,000	500,000	356	499,644	507,993
2	KSL11NA	3 years	November 18, 2011	5.40	780,000	780,000	35	779,965	783,786
3	KSL127A	3 years	July 24, 2012	4.50	1,000,000	1,000,000	405	999,595	1,003,675
4	KSL139A	3 years 6 months	September 3, 2013	3.35	1,000,000	1,000,000	85	999,144	981,415
5	KSL133A	3 years	March 29, 2013	3.25	500,000	500,000	37	499,630	492,443
Total					3,780,000	3,780,000	2,022	3,777,978	3,769,312
<u>Less</u> Current Portion					(1,780,000)	(1,780,000)	(440)	(1,779,560)	(1,787,461)
Total debentures					2,000,000	2,000,000	1,582	1,998,418	1,981,851

Movements of long-term debentures in the consolidated financial statements and separate financial statements for the years ended October 31, 2012 and 2011 are as follows:

Unit : Thousand Baht		
	2012	2011
Beginning book value	3,777,978	4,775,580
Increase during the years	1,497,305	-
Redemptions during the years	(1,780,000)	(1,000,000)
Amortized debenture issuance cost	2,301	2,398
Ending book value	<u>3,497,584</u>	<u>3,777,978</u>

Other significant compliance to the covenants of the debenture issuances are as follows:

- The Company shall maintain the debt to equity ratio in the consolidated financial statements are conditions as follows.

	The entire term	As of October 31 Every year
Debts with interest to equity	2 - 2.5 : 1	2 : 1
Debt-to-equity	3 : 1	2 : 1

- In case the credit rating of the debentures is lower than the current Company's rating at that time, the Company shall pledge assets as collateral for the debenture holders or proceed to correct the credit rating of the debentures to be at the same level or better than the credit rating of the Company.
- In 2011, the holders of Debenture Set No. 1, symbol "KSL12NA", approved the changes in certain debt covenants from maintaining the debt-to-equity ratio in the consolidated financial statements at not more than 2.5 : 1 at any time for the entire debenture term and the debt-to-equity ratio as at October 31 of each year at not more than 1.5 : 1 for the entire debenture term, to be maintaining the debts with interest to equity ratio in the consolidated financial statements at not more than 2.5 : 1 at any time for the entire debenture term and debt-to-equity ratio as at October 31 of each year at not more than 2 : 1 for the entire debenture term.



As at October 31, 2012 and 2011, the debts with interest to equity ratio and debt-to-equity ratio as follows :

	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Debts with interest to equity	1.17 : 1.00	1.31 : 1.00	1.19 : 1.00	0.99 : 1.00
Debt-to-equity	1.46 : 1.00	1.58 : 1.00	1.43 : 1.00	1.21 : 1.00

## 20. LONG-TERM BORROWINGS

Long-term borrowings as at October 31, 2012 and 2011 are long-term borrowings from financial institutions consisted of the following:

	Consolidated		Unit : Thousand Baht Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
1. Limit Baht 500 million	-	164,000	-	164,000
2. Limit Baht 1,000 million	1,000,000	-	1,000,000	-
3. Limit Baht 2,000 million	1,300,000	1,800,000	-	-
4. Limit Baht 1,000 million	525,000	1,000,000	-	-
5. Limit Baht 600 million	-	310,000	-	-
6. Limit Baht 140 million	40,000	80,000	-	-
7. Limit Baht 200 million	155,000	146,000	-	-
8. Limit Baht 800 million	365,000	550,000	-	-
9. Limit USD 5 million	92,084	122,675	-	-
10. Limit USD 5 million	92,084	122,675	-	-
11. Limit USD 30 million	644,591	828,055	-	-
12. Limit Baht 2,150 million	376,000	-	101,000	-
13. Limit Baht 45.20 million	38,140	-	9,800	-
Total	4,627,899	5,123,405	1,110,800	164,000
Less Current portion	(1,125,418)	(1,124,350)	(201,800)	(164,000)
Long-term borrowings	3,502,481	3,999,055	909,000	-

Movements of long-term borrowings for the years ended October 31, 2012 and 2011 are as follows:

	Consolidated		Unit : Thousand Baht Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
Beginning balance at book value	5,123,405	4,894,840	164,000	332,000
Increase during the years	1,576,200	957,000	1,112,300	-
Repayment during the years	(2,072,618)	(756,343)	(165,500)	(168,000)
Translation of financial statements differences	912	27,908	-	-
Ending balance at book value	4,627,899	5,123,405	1,110,800	164,000

In the consolidated and separate financial statements as at October 31, 2012 and 2011, the Company and its subsidiaries obtained borrowings from the commercial banks, which the first to eight credit lines had due payment of interest at the end of every month and carried interest rates at MLR-2.25% to MLR-0.75% per annum. The ninth to eleventh credit lines had due payment of interest every three months and carried the interest rate at LIBOR+2% per annum. The twelfth to thirteenth credit lines had due payment of interest every month and carried the interest rate at 2.00% - 4.98% per annum. There are important covenants as follows:

No.	Limit	Term of payment	Guarantee/Collateral
1	Baht 500 million	Repayment of principal at every six-month period for the total of 6 installments, the first installment to be paid in January 2010. The payment for the 1 <sup>st</sup> -5 <sup>th</sup> installment at Baht 84.00 million each and the 6 <sup>th</sup> installment repayment of Baht 80.00 million.	- The Company shall not pledge their core assets as collateral (Negative Pledge)
2	Baht 1,000 million	Repayment of principal at every six-month period for the total of 10 installments, the first installment to be paid in January 2013	None
3	Baht 2,000 million	Repayment of principal at every six-month period for the total of 10 installments at Baht 200.00 million each with the grace period of two years, commencing the first installment in December 2011.	- Secured by Khon Kean Sugar Industry Public Company Limited - Insurance coverage for structure and machineries at higher sum insured by insurance company transferring beneficial right of the said insurance coverage to the lender, commercial bank
4	Baht 1,000 million	Repayment of principal at every six-month period for the total of 10 installments at Baht 100.00 million each with the grace period of two years, commencing the first installment in March 2012.	
5	Baht 600 million	Repayment of principal at every six-month period for the total of 10 installments at Baht 60.00 million each with the grace period of two years, commencing the first installment in July 2012.	
6	Baht 140 million	Repayment of principal at every six-month period for the total of 7 installments at Baht 20.00 million each, commencing the first installment in June 2010.	- Secured by four subsidiaries. - Mortgaged land with warehouse, plant, machineries including plant under construction and machineries under installation when construction and installation completed and leasehold right of leased land with plant of subsidiary
7	Baht 200 million	Repayment of principal at every three-month period for the total of 20 installments at Baht 10.00 million each with the grace period of two years, commencing the first installment in January 2012.	- Insurance coverage for structure and machineries at maximum sum insured by insurance company transferring beneficial right of the said insurance coverage to the lender, commercial bank
8	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 2010.	
9	USD 5 million	Repayment of principal at every six-month period for the total of 10 installments at USD 0.50 million with the grace period of two years, commencing the first installment in March 2011.	- Secured by Khon Kean Sugar Industry Public Company Limited
10	USD 5 million	Repayment of principal at every six-month period for the total of 10 installments at USD 0.50 million with the grace period of two years, commencing the first installment in March 2011.	- Secured by Khon Kean Sugar Industry Public Company Limited based on percentage of share holding - Secured by two subsidiaries - Share certificate of a related company holding by shareholders of subsidiary
11	USD 30 million	Repayment of principal at every six-month period for the total of 10 installments at USD 3.00 million with the grace period of two years, commencing the first installment in June 2011.	
12	Baht 2,150 million	Repayment of principal at every six-month period, commencing the first installment in 25 <sup>th</sup> month after the first withdraw and must repayment the total of principal and interest within 84 months from the first draw down date (March 2012).	- The Company and a subsidiary shall not pledge their core assets as collateral (Negative Pledge) - Insurance coverage for structure and machineries at maximum sum insured by insurance company transferring beneficial right of the said insurance coverage to the lender, commercial bank
13	Baht 45.20 million	Repayment of principal at annually for the total of 6 installments, commencing the first installment in June 2012.	- Secured by the executive directors of Khon Kean Sugar Industry Public Company Limited

In addition, the Company and its subsidiaries have to abide to certain financial conditions, such as maintaining of debt-to-equity ratio, the shareholding ratio in subsidiaries, debt service coverage ratio, restriction on additional long-term debt creation, increase of the registered share capital and restriction on dividend payment of subsidiaries.

## 21. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries operate retirement benefit plans under the Thai Labor Protection Act and the Company and its subsidiaries' retirement rules, which are considered as unfunded defined benefit plans.

Amount recognized in the statement of income in respect of these defined benefit plans for the year ended October 31, 2012 is as follows:

	<b>Consolidated</b>	<b>Unit : Thousand Baht</b>
	<b>Financial Statements</b>	<b>Separate</b>
		<b>Financial Statements</b>
Current service cost	8,225	2,603
Interest cost	6,936	2,884
Total	<u>15,161</u>	<u>5,487</u>

Movement in the present value of employee benefit obligations for the year ended October 31, 2012 is as follows:

	<b>Consolidated</b>	<b>Unit : Thousand Baht</b>
	<b>Financial Statements</b>	<b>Separate</b>
		<b>Financial Statements</b>
Employee benefit obligations brought forward	-	-
<u>Add</u> Adjustment due to the adoption of new standard (see Note 3.2)	<u>178,678</u>	<u>70,718</u>
Employee benefit obligations brought forward - as adjusted	178,678	70,718
Current service cost	8,225	2,603
Interest cost	6,936	2,884
Actuarial gains on the defined employee benefit plans	(10,404)	(4,997)
Benefit paid during the year	<u>(7,887)</u>	<u>(1,534)</u>
Employee benefit obligations carried forward	<u>175,548</u>	<u>69,674</u>

The significant actuarial assumptions used to provision for employee benefit obligations as at October 31, 2012 are as follows:

	<b>Consolidated</b>	<b>Separate</b>
	<b>Financial Statements</b>	<b>Financial Statements</b>
Discount rate	3.49 - 4.44 %	4.07 - 4.12 %
Expected rate of salary increase	5.00 - 6.00 %	6.00 %
Voluntary resignation rate (Depended on employee's age)		
- Monthly employees	2.00 - 46.00 %	8.00 - 24.00 %
- Daily employees	8.00 - 81.00 %	19.00 - 67.00 %

## 22. SHARE CAPITAL AND WARRANTS

22.1 The 2010 Annual General Shareholders' meeting No. 1/2554 held on February 28, 2011, had a resolution to confirm the allocation of the offering of ordinary shares and support the warrants in accordance with the resolution of the Annual General Shareholders' meeting for 2009 no. 1/2553, held on February 26, 2010.

During the year ended October 31, 2011, the Company issued 1.07 million new ordinary shares with a par value of Baht 1 each, totaling Baht 1.07 million to support the conversion of warrants at the exercise price of Baht 10 per ordinary share.

During year ended October 31, 2012, the Company issued 24.70 million new ordinary shares with a par value of Baht 1 each, totaling Baht 24.70 million to support the conversion of warrants at the exercise price of Baht 10 per ordinary share.

Movements of share capital for the years ended October 31, 2012 and 2011, are as follows:

	Par Value		2012		2011	
	Per Share	Number	Amount	Number	Amount	
	Baht	Million Shares	Million Baht	Million Shares	Million Baht	
Issued and paid-up share capital						
As at November 1	1	1,551.07	1,551.07	1,550.00	1,550.00	
Issue of new shares during the year	1	24.70	24.70	1.07	1.07	
As at October 31	1	1,575.77	1,575.77	1,551.07	1,551.07	

22.2 The 2009 Annual General Shareholders' meeting No. 1/2553 held on February 26, 2010, had the following resolutions:

- 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 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 increase in share capital with the Ministry of Commerce on March 24, 2010.
- Approve the issuance and offering of the 170 million warrant 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 per unit and not more than 15 million units are offered to the general investors whom purchased the above increase ordinary shares at the ratio of 10 current ordinary shares to 1 unit of warrant at the offering price of Baht 0 per unit. The exercise ratio is 1 unit of warrant per 1 ordinary share at the exercise price of Baht 10 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. During the 2012 and 2011 fiscal years, there are 24,702,908 units and 1,065,175 units of warrants exercised the rights which were allocated to new ordinary shares. The Company has already registered such increase in share capital with the Ministry of Commerce on September 19, 2012 and December 21, 2011, respectively. As at October 31, 2012 and 2011, the warrants of 129,231,311 units and 153,934,219 units have not yet been exercised, respectively.

- Approve to allocate the said capital increased ordinary shares by allocating 150 million shares to issue 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 increased ordinary shares to the general investors after considering the weighted average of the Company's share 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 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.

### 23. DIVIDENDS PAID AND LEGAL RESERVE

Dividends Paid and Legal Reserve	Approved by	Number of shares	Dividends Paid	Dividends Paid	Dividends Paid
		Million shares	Per share	Million Baht	Date
- Dividends paid from the Company's result of operations from November 1, 2010 to October 31, 2011	Annual general meeting of shareholders No. 1/2555 held on February 28, 2012	1,573.65	0.50	786.52	March 28, 2012
- Dividends paid from the Company's result of operations from November 1, 2009 to October 31, 2010	Annual general meeting of shareholders No. 1/2554 held on February 28, 2011	1,551.07	0.07	108.50	March 28, 2011

In accordance with the Public Limited Company Act B.E. 2535, the Company is required to set aside a legal reserve of at least 5 percent of net earnings after deducting accumulated deficit brought forward (if any) until reserve reaches 10% of the authorized share capital and this reserve is not available for distribution as dividends. This legal reserve cannot be used for paying dividends.

In 2011, the Company appropriated Baht 19.58 million of the profit for the year as legal reserve. As at October 31, 2012 and 2011, the Company's legal reserve reaches 10% of authorized share capital.

### 24. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses included the compensation paid to the directors of the Company and its subsidiaries in accordance to Section 90 of Public Company Act which do not include salaries and related benefits paid to the executive directors of the Company and its subsidiaries for the years ended October 31, 2012 and 2011 are as follows:

	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2012	2011	2012	2011
For the years ended October 31,	20.29	25.53	8.82	8.74

## 25. INCOME TAX EXPENSES

Income tax expenses for the years 2012 and 2011 is calculated at the rate of 30% same the both year of profit before tax, which is added back allowances and non-deductible expenses for tax calculation purpose and deducted by non-taxable income.

Income tax expenses of other domestic subsidiaries for the year 2012 are calculated at the rate of 23% or 30%, and 30% for year 2011 of profit before tax from non-promoted business under the investment promotion privileges which is added back allowances and non-deductible expenses for tax calculation purpose and deducted by non-taxable income.

Income tax expenses of four foreign subsidiaries for the years 2012 and 2011 is calculated at the rates of 3% - 20% of profit for the years from non-promoted business under investment promotion privileges of each jurisdiction.

## 26. CAPITAL MANAGEMENT

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern, to maintain an appropriate capital structure and to maintain the debt- to-equity ratio not exceeding the covenants of the loan agreements (see Notes 19 and 20).

As at October 31, 2012 and 2011, debt-to-equity ratios presenting in the consolidated financial statements are at 1.46 : 1.00 and 1.58 : 1.00, respectively, and in the separate financial statements are at 1.43 : 1.00 and 1.21 : 1.00, respectively.

## 27. EXPENSES BY NATURE

Significant expenses by nature for the years ended October 31, 2012 and 2011 are as follows:

	Consolidated		Unit : Thousand Baht Separate	
	Financial Statements 2012	Financial Statements 2011	Financial Statements 2012	Financial Statements 2011
Salaries, wages and other employee benefits	1,017,650	829,192	281,547	237,158
Depreciation	834,451	642,873	209,619	179,533
Fuel costs	290,122	220,585	135,752	92,932
Fees paid to the Office of the Cane and Sugar Fund	1,064,191	812,829	549,917	378,005
Maintenance expenses	602,219	348,142	190,047	106,074
Transportation expenses	552,815	380,036	167,296	138,300
Raw material and supply used	12,582,163	10,006,305	3,607,448	3,760,089
Purchase finished goods	430,693	59,380	781,436	1,000,421
Changes in finished goods and goods in process	162,289	(840,337)	274,426	(497,829)
Loss from bagasse damage	107,551	72,003	-	-
Loss for diminution on value of inventories	141,620	64,725	17,713	5,897
Management benefit expenses	162,743	143,201	36,833	32,028
Loss from investment in derivative instruments	-	16,767	-	51,320
Financial costs	556,321	465,252	245,485	212,800
Other operating expenses	993,586	759,421	341,194	200,444
Total	<u>19,498,414</u>	<u>13,980,374</u>	<u>6,838,713</u>	<u>5,897,172</u>

## 28. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the years attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares held by the outsiders outstanding during the years.

For diluted earnings per share, the weighted average number of ordinary shares held by the outsiders during the year is adjusted by the number of diluted equivalent ordinary shares, assuming that all diluted equivalent ordinary shares have been converted to ordinary shares. For the years ended October 31, 2012 and 2011, the Company's diluted equivalent ordinary shares are warrants which have been provided to the existing shareholders. The details are as follows:

### 2012

	Consolidated Financial Statements			Separate Financial Statements		
	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earning per share Baht	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earning per share Baht
<u>Basic earnings per share</u>						
Profit available to ordinary equity holders	2,354,264	1,571,196	1.498	1,011,163	1,571,196	0.644
<u>Effect of diluted equivalent ordinary shares</u>						
Warrants	-	31,019		-	31,019	
<u>Diluted earnings per share</u>						
Profit available to ordinary equity holders by assuming warrant conversion to ordinary shares	2,354,264	1,602,215	1.469	1,011,163	1,602,215	0.631

### 2011

	Consolidated Financial Statements			Separate Financial Statements		
	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earning per share Baht	Net profit for the year Thousand Baht	Number of shares Thousand Shares	Earning per share Baht
<u>Basic earnings per share</u>						
Profit available to ordinary equity holders	1,889,892	1,550,325	1.219	1,124,806	1,550,325	0.726
<u>Effect of diluted equivalent ordinary shares</u>						
Warrants	-	24,067		-	24,067	
<u>Diluted earnings per share</u>						
Profit available to ordinary equity holders by assuming warrant conversion to ordinary shares	1,889,892	1,574,392	1.200	1,124,806	1,574,392	0.714

## 29. DISCLOSURE OF SECTORIAL BUSINESS OPERATIONS

Details of the sectorial business operations are as follows:

Consolidated Financial Statements  
For the years ended October 31, 2012 and 2011

	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		Palm Oil		Other Businesses		Inter-Transaction		Total	
	2012			2011			2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	Thai	Laos	Cambodia	Thai	Laos	Cambodia	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	Thai	
Net revenues from operations - domestic	9,065	-	244	6,364	-	332	662	679	1,854	1,014	421	221	1,076	922	1,706	1,058	769	490	(6,973)	(4,336)	8,824	6,744	
Net revenues from operations - foreign	11,681	262	355	9,399	275	514	1,156	-	-	-	-	-	-	-	-	-	32	66	(98)	(538)	13,388	9,716	
Total	20,746	262	599	15,763	275	846	1,818	679	1,854	1,014	421	221	1,076	922	1,706	1,058	801	556	(7,071)	(4,874)	22,212	16,460	
Profit (loss) from operations	5,066	76	(177)	4,450	74	81	479	115	812	340	250	196	201	189	72	42	62	40	(615)	(351)	6,226	5,176	
Selling and administrative expenses																					(2,463)	(1,919)	
Finance costs																					(556)	(465)	
Share of loss of investment in an associate (net of income tax)																					(8)	(9)	
Income tax expenses																					(726)	(751)	
Profit for the year																					2,473	2,032	
Less Profit for the year attributable to non-controlling interests																					(119)	(142)	
Profit for the year attributable to owners of the parent																					2,354	1,890	
<b>As at October 31, 2012 and 2011</b>																							
Trade and other receivables	1,165	15	11	1,243	12	73	98	106	206	91	20	36	130	104	191	143	214	32	(852)	(687)	1,198	1,153	
Inventories	1,778	48	140	1,875	35	133	251	188	242	231	-	-	471	475	520	256	100	79	(57)	(5)	3,493	3,267	
Property, plant and equipment	10,431	1,105	2,039	7,079	1,087	2,092	995	901	5,191	3,826	684	401	435	429	550	452	585	452	(591)	(635)	21,424	16,084	
Central assets	10,396	209	406	9,601	220	1,178	28	21	226	123	516	329	36	-	82	-	726	98	(9,123)	(8,251)	3,502	3,319	
Total Assets	23,770	1,377	2,596	19,798	1,354	3,476	1,372	1,216	5,865	4,271	1,220	766	1,072	1,008	1,343	851	1,625	661	(10,623)	(9,578)	29,617	23,823	



### 30. COMMITMENTS AND CONTINGENT LIABILITIES

As at October 31, 2012 and 2011, apart from liabilities presented in the statements of financial position, the Company and its subsidiaries have commitments and contingent liabilities as follows:

30.1 The Company and its subsidiaries have commitments relating to the sales agreements but not yet delivered in the consolidated financial statements amounting to Baht 2,210.62 million and Baht 3,066.41 million, respectively, and in the separate financial statements amounting to Baht 878.76 million and Baht 1,965.06 million, respectively.

30.2 The Company and three subsidiaries had issued post-dated checks to farmers to purchase cane. The Company and the subsidiaries did not record such liabilities as the checks are not yet due and the cane of the production season has not been received from the farmers as at October 31, 2012 and 2011 as follows:

	Consolidated		Unit : Million Baht Separate	
	Financial Statements		Financial Statements	
	2012	2011	2012	2011
For the production season 2012/2013	945.44	-	137.92	-
For the production season 2011/2012	-	812.46	-	121.07

30.3 A subsidiary 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 at Tambol Namphong, Khonkaen Province, for the period of 21 years commencing from the first month of electricity selling (December 2006) of 20 megawatt at the voltage of 115 kilovolts. From the second year until the year before last, EGAT agrees to buy electricity not less than 80% of electricity volume stipulated in the agreement.
- Agreement dated January 12, 2010, EGAT agrees to buy electricity of 22 megawatt at the voltage of 115 kilovolts at Tambol Bo Ploy, Kanchanaburi Province, at the mutually-agreed price as stipulated in the agreement for the period of 5 years commencing from April 1, 2011. The subsidiary shall inform EGAT in written not less than 30 days before expiration date of agreement to renew the agreement for other 5 years. The subsidiary has pledged the letter of guarantee at the amount of Baht 4.40 million for offering electricity selling. On October 20, 2010, the subsidiary entered into an amendment to the agreement to temporary sell the electricity of 8 megawatt at the voltage of 22 kilovolts to EGAT from November 25, 2010 to September 30, 2011.

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

- Once the concession period expired or is terminated, the Concession Granter has the option to purchase the entire electricity generating business from the subsidiary at the price determined by the Committee approved by the Cabinet and the Concession Granter shall inform the subsidiary in written 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 is expired, Metropolitan Electricity Authority, Provincial Electricity Authority, municipal government or sanitation district has the intention to operate the subsidiary's electricity generating business, they can purchase the assets of electricity generating business at the price determined by the Committee approved by the Cabinet. However, if the said government units do not intend to purchase the electricity generating business and the subsidiary has intended to continue the operation, the Concession Granter may consider to extend the concession term.

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

30.5 The consolidated and separate financial statements, as at October 31, 2012 and 2011, have commitments, contingent liabilities and credit facilities as follows:

Unit : Million

	Currency	Consolidated Financial Statements					
		As at October 31, 2012			As at October 31, 2011		
		Total	Utilized	Remaining	Total	Utilized	Remaining
<b>Commitments</b>							
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	THB	-	4,843.40	-	-	6,048.16	-
Contract to guarantee of debt repayment of other companies for liabilities from loan agreements	THB	-	-	-	175.00	175.00	-
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	USD	-	71.52	-	-	94.06	-
<b>Contingent Liabilities</b>							
Letters of guarantees (not specified credit limit)	THB	-	95.06	-	-	105.94	-
Notes acceptance	THB	30.00	-	30.00	30.00	-	30.00
Letters of credit and trust receipts	THB	1,133.17	848.19	284.98	1,484.00	557.62	926.38
Letters of credit	USD	26.58	12.45	14.13	10.00	0.56	10.00
<b>Credit Facilities</b>							
Overdraft and short-term borrowings	THB	16,700.83	4,594.81	12,106.02	14,420.15	1,993.90	12,426.25
Short-term borrowings	USD	20.50	11.75	8.75	20.50	26.38	0.50
Joint credit line in short-term borrowings	THB	3,027.77	2,040.31	987.46	2,035.85	57.98	1,977.87
Long-term borrowings	THB	5,608.14	4,074.14	1,534.00	4,194.00	3,904.00	290.00
Long-term borrowings	USD	27.00	27.00	-	35.00	35.00	-
Joint credit line in the letters of credit and long-term borrowings	THB	-	-	-	260.00	146.00	114.00

Unit : Million

	Currency	Separate Financial Statements					
		As at October 31, 2012			As at October 31, 2011		
		Total	Utilized	Remaining	Total	Utilized	Remaining
<b>Commitments</b>							
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	THB	-	4,843.40	-	-	6,048.16	-
Contract to guarantee of debt repayment of subsidiary for all contingent liabilities	USD	-	32.77	-	-	39.06	-
<b>Contingent Liabilities</b>							
Letters of guarantees (unspecified credit limit)	THB	-	4.33	-	-	2.86	-
Letters of credit and trust receipts	THB	330.00	248.81	81.19	30.00	-	30.00
Letters of credit	USD	7.29	6.80	0.49	-	-	-
<b>Credit Facilities</b>							
Overdraft and short-term borrowings	THB	5,303.00	2,356.31	2,946.69	4,042.15	-	4,042.15
Short-term borrowings	USD	0.50	-	0.50	0.50	-	0.50
Joint credit line in short-term borrowings	THB	3,027.77	2,040.31	987.46	2,035.85	57.98	1,977.87
Long-term borrowings	THB	3,159.80	1,660.80	1,499.00	164.00	164.00	-

As at October 31, 2012 and 2011, short-term borrowings from financial institutions carried interest rate at 3.15% - 4.75% per annum and 2.27% - 4.62% per annum, respectively.

The above credit facilities are partially secured by land with structure, machineries, subsidiary's leasehold right for the land where the factory is located, and share certificates of a related company held by the shareholders of subsidiary. The inter-guarantee was also offered between the Company and its subsidiaries, and benefits arisen from insurance policy for structure and machineries were transferred to the lenders. For certain credit facilities, if the facility is utilized, certain inventories of the Company and its subsidiaries will be used as collateral where such facilities have not been used by the Company and its subsidiaries as at October 31, 2012 and 2011.

In addition, for joint commitments and long-term borrowings, the Company and its subsidiaries are required to be complied with certain financial conditions including maintaining the debt-to-equity ratio, maintaining the shareholding ratio in subsidiary, maintaining the debt service coverage ratio, restriction on additional long-term debt creation, increase of the registered share capital, and restriction on dividend payment of subsidiaries, etc.

30.6 As at October 31, 2012 and 2011, the commitments under the various contracts are as follows:

Unit : Million

	Currency	Consolidated Financial Statements			
		2012		2011	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding Contractual Commitments
Construction and subcontract agreements	THB	1,081.50	459.28	223.32	67.35
Machine and equipment purchase agreements	THB	959.91	456.14	275.39	90.99
	USD	23.60	13.59	35.81	31.57
	JPY	800.00	800.00	730.00	730.00
	EURO	0.74	0.56	-	-
	CHF	-	-	0.16	0.11
Rental agreements	THB	23.11	16.04	11.62	10.42
Materials purchase agreements	THB	102.48	69.21	235.99	39.37
	USD	0.76	0.76	2.68	2.68

	Unit : Million				
	Separate Financial Statements				
	Currency	2012		2011	
		Contractual Amount	Outstanding Contractual Commitments	Contractual Amount	Outstanding Contractual Commitments
Construction and subcontract agreements	THB	834.33	355.51	3.92	2.04
Machine and equipment purchase agreements	THB	596.93	257.13	-	-
	USD	8.40	7.85	-	-
	JPY	70.00	70.00	-	-
Rental agreements	THB	23.11	16.04	11.62	10.42

As at October 31, 2012 and 2011, the commitments under rental agreements to be paid in the following years are as follows:

	Unit : Million Baht	
	Consolidated Financial Statements	
	2012	2011
Within one year	5.52	3.24
Over one year but less than 5 years	10.52	7.18
Total	<u>16.04</u>	<u>10.42</u>

### 31. OTHER SIGNIFICANT INFORMATION

- 31.1 On February 16, 2006, Savannakhet Sugar Corporation (subsidiary) 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'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, 2012 and 2011, the subsidiary has already utilized the area of 5,053.61 hectares at the rental rate of USD 6 per hectare per annum.
- 31.2 Koh Kong Plantation Company Limited and Koh Kong Sugar Industry Co., Ltd. (subsidiaries) entered 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 19,100 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, 2012 and 2011, the subsidiaries have already utilized the area of 10,481 hectares.
- 31.3 A subsidiary 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 31, 2007 and June 1, 2007, respectively. The contractual term is 90 years for both agreements. The subsidiary has already paid the entire advance lease fee at USD 476,953. As at October 31, 2012 and 2011, the remaining amount of the advance lease fee paid are USD 453,989 and USD 456,638, respectively.

## 32. FINANCIAL INSTRUMENTS

### Risk management policies

The Company and its subsidiaries 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 subsidiaries will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Company and its subsidiaries 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 subsidiaries' operating results and cash flows. However, the group companies manage risk on interest rate by using various methods including loans allocation to gain appropriate balance between fixed and floating interest rate loans and compatible to different activities of the group companies as at October 31, 2012 and 2011 with the details mainly as follows:

2012

	Unit : Thousand Baht				Total
	Consolidated Financial Statements				
	Fixed Interest Rate			Floating	
	Within 1 year	More than 1 year to 5 years	More than 5 years	Interest Rate	
<b>Financial Assets</b>					
Saving accounts deposits	-	-	-	234,423	234,423
Fixed account deposits	13,000	-	-	22	13,022
Loans for cane plantation development	158,580	350,719	51,027	-	560,326
Short-term loans to farmers and others	701,720	-	-	45,973	747,693
Other long-term investments	253	13,322	-	-	13,575
Total	<u>873,553</u>	<u>364,041</u>	<u>51,027</u>	<u>280,418</u>	<u>1,569,039</u>
<b>Financial Liabilities</b>					
Short-term borrowings from financial institutions	4,786,874	-	-	1,110,060	5,896,934
Long-term debentures	1,999,491	1,498,092	-	-	3,497,583
Long-term borrowings	207,360	931,780	-	3,488,760	4,627,900
Liabilities from long-term lease agreements	1,667	8,459	-	-	10,126
Total	<u>6,995,392</u>	<u>2,438,331</u>	<u>-</u>	<u>4,598,820</u>	<u>14,032,543</u>

2011

Unit : Thousand Baht

	Consolidated Financial Statements				Total
	Fixed Interest Rate			Floating	
	Within	More than	More than	Interest Rate	
	1 year	1 year	5 years		
	to 5 years				
<b>Financial Assets</b>					
Saving accounts deposits	-	-	-	248,891	248,891
Fixed account deposits	21	-	-	-	21
Loans for cane plantation development	107,284	300,084	60,636	-	468,004
Short-term borrowings to farmers and others	673,334	9,750	-	45,200	728,284
Other long-term investments	758	13,343	-	-	14,101
Total	<u>781,397</u>	<u>323,177</u>	<u>60,636</u>	<u>294,091</u>	<u>1,459,301</u>
<b>Financial Liabilities</b>					
Short-term borrowings from financial institutions	1,356,000	-	-	1,828,081	3,184,081
Long-term debentures	1,779,560	1,998,418	-	-	3,777,978
Long-term borrowings	400,000	-	-	4,723,405	5,123,405
Total	<u>3,535,560</u>	<u>1,998,418</u>	<u>-</u>	<u>6,551,486</u>	<u>12,085,464</u>

#### Risk on exchange rates

Risk on exchange rates for the Company and its subsidiaries are mainly involved with sales of goods and imports of machineries which are transactions denominated in foreign currencies. As at October 31, 2012 and 2011, the significant assets and liabilities denominated in foreign currencies of the Company and its subsidiaries which the risk on exchange rates have not been hedged are as follows:

Currency	Consolidated Financial Statements				Separate Financial Statements			
	2012		2011		2012		2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
USD	9.50	65.27	6.85	60.12	-	2.96	3.99	-
YEN	-	874.55	-	80.24	-	44.40	-	-
RIEL	415.84	169.72	519.43	135.48	-	-	-	-
LAK	63.30	1,055.93	92.99	554.45	-	-	-	-

As at October 31, 2012 and 2011, the Company and its subsidiaries entered into forward contracts with commercial banks to hedge against exchange rate risk from receipts and debt repayments denominated in foreign currencies. The Company and its subsidiaries have not recorded such financial liabilities in the consolidated and separate financial statements. The open forward contracts, which are not due over 12 months are as follows:

Currency	Amount fixed in contract				Currency	Amount earned in contract			
	Consolidated		Separate			Consolidated		Separate	
	Financial Statements		Financial Statements			Financial Statements		Financial Statements	
	2012	2011	2012	2011		2012	2011	2012	2011
USD	77.10	192.74	13.60	-	THB	2,498.58	5,989.37	431.15	-
YEN	737.00	-	7.00	-	THB	279.25	-	2.65	-

Net fair values of financial derivatives of the Company and its subsidiaries as at October 31, 2012 and 2011 are as follows:

	Unit : Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2012	2011	2012	2011
Net fair values of forward exchange contracts	8.03	(6.17)	(11.36)	-

#### Risk on fluctuation of sugar and cane prices

The cane and sugar industry in Thailand is under the benefit sharing system between the cane farmers and the sugar mill factories, the selling price of sugar under Quota B and the exchange rate of the actual sales made by Thailand Cane and Sugar Corporation (TCSC) have significant effect on cane price which is major cost of sugar production. To manage risk on the fluctuation of gross profit, the Company and its subsidiaries have hedged the risk by entering into commodity swap contracts for the periods not over 2 years. Gain or loss is recognized in the statement of income when the contracts are settled or expired.

For the years ended October 31, 2012 and 2011, the Company and its subsidiaries have accounted for transactions in the financial statements as follows:

	Unit : Million Baht			
	Consolidated		Separate	
	Financial Statements 2012	2011	Financial Statements 2012	2011
Gain (loss) on investments in derivative instruments	120.88	(16.77)	35.15	(51.32)

Net fair values of financial derivatives as at October 31, 2012 and 2011, of the Company and its subsidiaries are as follows:

	Currency	Unit : Million Baht	
		Consolidated/Separate	
		Financial Statements 2012	2011
Net fair values for commodity swap contracts	USD	1.43	0.94
	THB	121.68	9.59

The fair values of the commodity swap contracts calculated using raw sugar price and white sugar price from The Exchange and Bloomberg at the statements of financial position dates as though the Company and its subsidiaries have settled those contracts on the statement of financial position dates.

#### Credit risk

The Company and its subsidiaries have risk on credit regarding trade accounts receivable, farmer accounts receivable, loans to farmers, loans to related parties and other receivables. However, the Company and its subsidiaries have many receivables and have conservative credit policy including allowance for doubtful accounts. In addition, the Company and its subsidiaries request farmers to pledge land or other assets as collateral or guarantee by individual. It believes that the risk of default by receivables is low.

### 33. 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 monthly contribute to the fund at the rate of 2% 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, 2012 and 2011, the Company and its subsidiaries contributed in amounts of Baht 9.39 million and Baht 7.85 million, respectively, in the consolidated financial statements and the Company contributed in amounts of Baht 2.97 million and Baht 2.59 million, respectively, in the separate financial statements.

### 34. PRIVILEGES OF BENEFITS FROM PROMOTED INVESTMENT

Three domestic subsidiaries received 7 investment promotion certificates from the Board of Investment of Thailand (BOI) under the Investment Promotion Act B.E. 2520. The benefits includes the exemption from income tax for profit for the year derived from operations of promoted businesses for the period of 8 years commencing from the date of first receiving operation revenue of promoted businesses. The details are as follows :

<u>Certificate No.</u>	<u>Sections</u>	<u>Date</u>	<u>Promoted activity types</u>	<u>Commenced date of revenues 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	January 8, 2006	January 7, 2014
			- Production of biological fertilizers or organic fertilizers	March 30, 2006	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	Income not yet derived	
			- Production of biological fertilizers or organic fertilizers	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	December 6, 2011	December 31, 2019
			- Production of biological fertilizers or organic fertilizers	December 30, 2011	December 31, 2019
			- Production of biological	February 29, 2012	December 31, 2019
2364(1)/2544	25, 26, 28, 31, 34, 35(1), 35(2), and 35(3)	September 20, 2011	- Production of biological	Income net 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 steams and water for manufacture	November 30, 2010	November 29, 2018
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 receives the privilege in 50% income tax reduction of the regular rate for the period of 5 years commencing from the expiration date of income tax exemption and under the Promotion Certificate No. 1657(2)/2552, the subsidiary is granted privilege for exemption of import duties for approved machinery and exemption from income tax on dividend on profit from promoted businesses during the period in which the Company is granted exemption from corporate income tax.



Three foreign subsidiaries are granted by foreign investment certificate and tax privilege from Lao People's Democratic Republic and from Kingdom of Cambodia which the details are as follows:

- 1) Foreign Investment Certificate No. 017-06/ Khor Lor Tor includes tax privilege for exemption from income tax for 5 years from the date of first receiving revenue from sales of sugar, thereafter, the subsidiary shall pay income tax at the rate of 20%. The revenue is first derived on July 21, 2010 and will expire on July 20, 2015.
- 2) Foreign Investment Certificate No. 4420/06 Ghor. Wor. Ghor. dated December 15, 2006 issued by the Council for the Development of Cambodia, the subsidiary is granted by tax privilege for exemption from import the duties for machinery 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 the Council for the Development of Cambodia, the subsidiary is granted tax privilege for exemption from income tax for the period of 8 years and 9 years, respectively, including priority period commencing from the period when subsidiary is operated (year 2006).
- 4) Tax Exemption Certificate for agriculture-industrial (sugar cane) No. 2299 dated April 12, 2012 issued by the Ministry of Economy and Finance, Cambodia, grants the privilege to charge value-added tax at 0% for sales of sugar cane to manufacture sugar for export. This certificate is valid for the period of 1 year from July 29, 2010 to July 31, 2011.

### **35. EVENTS AFTER REPORTING PERIOD**

- 35.1 On December 4, 2012, the Company issued debentures as approved by the Company's Board of Directors Meeting No. 5/2012 held on November 29, 2012 in Thai Baht currency, which are specified holder, non-subordinated, unsecured and non-representative holding, of 1,000,000 units at par value of Baht 1,000 each, totaling of Baht 1,000 million. The term is 3 years and maturity date on December 4, 2015, carrying interest at 3.87% per annum. The Company shall maintain the interest bearing debt to shareholders' equity ratio in the consolidated financial statements as at October 31 of each year at not more than 2:1 for the entire debentures terms.
- 35.2 On November 13, 2012, TS Flour Mill Public Company Limited which is a subsidiary offered 85 million ordinary shares to public investor in the Market for Alternative Investment (MAI) at the par value of Baht 1 each. The Company purchased 6.04 million ordinary shares in same proportion at the offering value of Baht 3.10 each, totally Baht 18.72 million. TS Flour Mill Public Company Limited had registered such increase in share capital with the Ministry of Commerce on November 19, 2012.

### 36. RECLASSIFICATIONS

Certain reclassifications have been made to the consolidated and separate financial statements for the year ended October 31, 2011 and the consolidated and separate statements of financial position as at November 1, 2010 to conform to the classifications used in the consolidated and separate financial statements for the year ended October 31, 2012 as follows:

Transaction	Previously presented as	Reclassified to be presented as	Unit : Thousand Baht	
			Consolidated Financial Statements	Separate Financial Statements
<b>Statement of financial position as at October 31, 2011</b>				
Advance payment	Other current assets	Trade and other receivables	79,239	85,210
Accrued dividend receivable from subsidiary	Other current assets	Trade and other receivables	-	216,514
Other receivables	Other current assets	Trade and other receivables	18,930	9,194
Accrued income	Other current assets	Trade and other receivables	24,797	4,951
Prepaid expenses	Other current assets	Trade and other receivables	19,863	5,392
Farmer accounts receivable	Farmer accounts receivable	Trade and other receivables	154,562	133,923
Current portion of other accounts receivable - compensation for sugar production and distribution	Current portion of other accounts receivable - compensation for sugar production and distribution	Trade and other receivables	88,871	60,952
Machine maintenance supplies	Other current assets	Inventories	334,953	123,713
Current portion of loans for cane plantation development	Current portion of loans for cane plantation development	Short-term loans	107,612	26,384
Short-term loans to related parties	Short-term loans to related parties	Short-term loans	-	1,357,000
Short-term loans to farmers and others	Short-term loans to farmers and others	Short-term loans	728,284	213,256
Other non-current assets	Other non-current assets	Intangible assets	4,038	-
Computer software	Property, plant and equipment	Intangible assets	5,573	1,244
Investment properties	Property, plant and equipment	Investment properties	277,712	143,477
Assets not used in operations	Assets not used in operations	Other non-current assets	689,974	98,282
Accrued income tax expenses	Other current liabilities	Accrued income tax expenses	474,083	265,692
Advances received for sales of goods	Advances received for sales of goods	Trade and other payables	45,650	37,476
Accrued fees payable to the Office of the Cane and Sugar Fund	Accrued fees payable to the Office of the Cane and Sugar Fund	Trade and other payables	53,846	22,809
Accrued stabilization function payment to the Office of the Cane and Sugar Fund	Accrued stabilization function payment to the Office of the Cane and Sugar Fund	Trade and other payables	50,016	24,379
Accrued expenses	Accrued expenses	Trade and other payables	162,533	72,906
Accounts payable on purchases of assets	Accounts payable on purchases of assets	Trade and other payables	374,599	59,391
Other payables	Other payables	Trade and other payables	252,817	126,502
<b>Statement of income for the years ended October 31, 2011</b>				
Fees paid to the Office of the Cane and Sugar Fund	Fees paid to the Office of the Cane and Sugar Fund	Selling expenses	812,829	378,005
Loss from investments in derivative instruments	Loss from investments in derivative instruments	Administrative expenses	16,768	51,320

Transaction	Previously presented as	Reclassified to be presented as	Consolidated Financial Statements	Separate Financial Statements
<b>Statement of financial position as at November 1, 2010</b>				
Advance payment	Other current assets	Trade and other receivables	6,788	3,887
Accrued dividend receivable from subsidiary	Other current assets	Trade and other receivables	-	108,257
Other receivables	Other current assets	Trade and other receivables	17,845	34,605
Accrued income	Other current assets	Trade and other receivables	10,372	1,626
Prepaid expenses	Other current assets	Trade and other receivables	16,269	5,630
Farmer accounts receivable	Farmer accounts receivable	Trade and other receivables	170,074	134,571
Current portion of other accounts receivable - compensation for sugar production and distribution	Current portion of other accounts receivable - compensation for sugar production and distribution	Trade and other receivables	50,246	21,973
Machine maintenance supplies	Other current assets	Inventories	247,084	88,306
Current portion of loans cane plantation development	Current portion of loans for cane plantation development	Short-term loans	45,647	7,217
Short-term loans to related parties	Short-term loans to related parties	Short-term loans	-	1,375,000
Short-term loans to farmers and others	Short-term loans to farmers and others	Short-term loans	454,336	134,332
Other accounts receivable - compensation for sugar production and distribution	Other accounts receivable - compensation for sugar production and distribution	Other current assets	88,854	60,905
Investment properties	Property, plant and equipment	Investment properties	283,722	148,209
Assets not used in operations	Assets not used in operations	Other non-current assets	361,922	125,867
Accrued income tax expenses	Other current liabilities	Accrued income tax expenses	47,062	-
Advances received for sales of goods	Advances received for sales of goods	Trade and other payables	98,622	87,632
Accrued fees payable to the Office of the Cane and Sugar Fund	Accrued fees payable to the Office of the Cane and Sugar Fund	Trade and other payables	35,750	11,514
Accrued stabilization function payment to the Office of the Cane and Sugar Fund	Accrued stabilization function payment to the Office of the Cane and Sugar Fund	Trade and other payables	50,246	21,973
Accrued expenses	Accrued expenses	Trade and other payables	132,028	82,893
Accounts payable on purchases of assets	Accounts payable on purchases of assets	Trade and other payables	606,495	28,494
Other payables	Other payables	Trade and other payables	114,383	41,006

### 37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's Board of Directors on December 25, 2012.